DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES
HOUSE OF COMMONS

SECOND SESSION—TWENTIETH PARLIAMENT

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OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
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1947

HOUSE OF COMMONS

DEBATES

OF THE

DOMINION OF CANADA

CANADA

House of Commons Debates

OFFICIAL REPORT

Saturday, August 10, 1946

The house met at eleven o'clock.

PRIVATE BILL

WORKERS BENEVOLENT ASSOCIATION OF CANADA

Mr. RALPH MAYBANK (Winnipeg South Centre) moved the first reading of bill No. 374 (from the senate), respecting Workers Benevolent Association of Canada.

Motion agreed to and bill read the first time.

TIMBER CONTROL

RESIGNATION OF CONTROLLER—APPOINTMENT OF SUCCESSOR

On the orders of the day:

Mr. H. C. GREEN (Vancouver South): Mr. Speaker, I should like to address a question to the Minister of Reconstruction and Supply. Press dispatches from Vancouver this morning indicate that there is to be some change in the timber control. Could the minister make a statement on that?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, the report has just been called to my attention. It is a fact that Mr. David Rosenberry, who has been associated with timber control for the past six years, has tendered his resignation, to take effect on August 15. He has been suffering from overwork for some time and felt that he must be relieved so that he could take a prolonged holiday before returning to his private business. Consideration is being given to his successor, and the most suitable man seems to be the present coordinator of housing, Mr. Terrence Flahiff. It is the present intention to recommend Mr. Flahiff to succeed Mr. Rosenberry.

FREE PORTS

INQUIRY WITH RESPECT TO PORT OF QUEBEC—REPORT OF INTERDEPARTMENTAL COMMITTEE

On the orders of the day:

Mr. GORDON B. ISNOR (Halifax): Mr. Speaker, I should like to inquire from the Minister of Transport whether a promise has been made to the port of Quebec or to any representative of that port regarding the establishment of a free port at Quebec?

Hon. LIONEL CHEVRIER (Minister of Transport): Mr. Speaker, I gave no promise to anyone that legislation would be enacted concerning free ports. The delegation which waited on several ministers of the crown was told that legislation would depend on the report of the interdepartmental committee, and then again upon whether the committee recommended in favour of or against the establishment of free ports. The delegation was assured, however, that every effort would be made by the interdepartmental committee to expedite the conclusion of its report.

PRICES AND TRADE BOARD

HANDLING OF RATION COUPONS BY BANKS—BANQUE PROVINCIALE DU CANADA

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, will the Minister of Justice give the house a report on the present condition of affairs with regard to the proceedings being taken in connection with coupon revelations affecting Banque Provinciale du Canada, on which he recently made a report? Perhaps the parliamentary assistant to the Minister of Finance will indicate also whether the licence of the bank has been renewed.

Right Hon. L. S. ST. LAURENT (Minister of Justice): Mr. Speaker, just before I came into the house I communicated with the deputy minister of justice and the chief enforcement officer of the wartime prices and trade board, and was informed that there have been no developments concerning any employee of the bank since I answered the hon. gentleman's question a week ago.

LABOUR CONDITIONS

ANNOUNCEMENT OF BRITISH COLUMBIA REGIONAL WAR LABOUR BOARD AS TO WAGE INCREASES ABOVE 10 CENTS AN HOUR

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I should like to direct a question to the Minister of Labour, based on an item

from Vancouver in to-day's Ottawa *Journal* that the British Columbia regional war labour board has announced that it will not approve any wage increases above ten cents an hour until the parliamentary committee on industrial relations has reported. I would ask the minister whether his department was informed of this decision and whether any directive went out from his office in regard to it.

Hon. HUMPHREY MITCHELL (Minister of Labour): I have not seen the report in the newspaper, but I shall be glad to make inquiry of the chairman of the national war labour board in regard to the matter.

COAL

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, several days ago the hon. member for Cape Breton South (Mr. Gillis) inquired when we might expect the report of the royal commission on coal. I have a letter dated August 3 from Judge C. C. McLaurin, one of the commissioners, who writes as follows:

Dear Mr. Howe:

I have been advised by your office that further inquiries have been made of you as to the progress being made by this commission.

A substantial portion of the report is now prepared. The work of completion is being vigorously pressed and I do not anticipate any circumstances arising which will prevent submission thereof at an early date.

ARMY SUPPLIES

PRESS REPORT AS TO DISCARDING OF SHOES AND SLIPPERS—SHIRTS, TOWELS, ETC.

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): There is one other question I should like to direct to the Minister of Reconstruction and Supply, because I believe he is in charge of the department concerned. It has to do with reports in the Montreal *Star* of yesterday with regard to the dumping of shoes, which is still unexplained, and also the destruction of a quantity of khaki and blue shirts, towels, et cetera. Will the minister have an investigation made into this matter, in view of the fact that there have been so many reports of destruction of necessary goods when they are in short supply? Also will consideration be given to setting up a commission to look into the matter, particularly to report on the dumping of shoes?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): A most exhaustive investigation was instituted into the question of shoes, and it was found that the allegations that were made of destruction of usable property by War Assets Corporation are wholly without foundation. We invited the reporters to visit the plant at Valleyfield at any time they cared to do so without notice, and I understand the *Star* reporter did visit the plant with photographers yesterday. I expect that Monday's *Star* will give the results of his investigation. He was given authority to make a most complete investigation on his own. I can assure my hon. friend that since the first allegations were made, every service of the government has investigated the situation from its point of view at Valleyfield and at the point of shipment of the materials. War Assets Corporation have made a thorough investigation and I can assure my hon. friend that the allegations of destruction of valuable property are wholly without foundation.

As to the shirts, so far as we can find out that report is based entirely on gossip. We have found that no usable shirts have been sold as scrap material by War Assets Corporation.

Mr. DIEFENBAKER: Or destroyed?

Mr. HOWE: Or destroyed.

Mr. GRAYDON: May I ask a supplementary question? When the minister brings down his report with respect to the destruction and dumping of used materials will he answer a question which I asked, and which has been asked on several occasions, namely, who did the dumping at Point St. Charles? There has been a good deal of talk about destruction, but I should like to know who did the dumping. I understand War Assets Corporation and the Department of National Defence have the names of those who did the dumping, but they cannot be released as yet.

Mr. HOWE: I released the name to the press some weeks ago. I do not recall the name at the moment, but I shall be glad to get it. I think to table it now would be giving rather second-hand information, since it has been so widely circulated.

FLOUR

SHIPMENTS TO ECUADOR—QUESTION OF RESTRICTION OF EXPORT

On the orders of the day:

Mr. A. L. SMITH (Calgary West): Last Monday I asked a question of the Minister of Trade and Commerce, who is not here this morning, with respect to the export of certain flour. He has not answered it, and I wonder if somebody would direct his attention to it so that I may have an answer.

Mr. R. W. MAYHEW (Victoria, B.C.): I think I can give the hon. member some information in connection with the flour. Two fairly large ships arrived in Canada about a week ago to load flour, but it was necessary that they undergo extensive repairs which it would take a couple of weeks to complete. During that period the railway companies could not unload their cars because the ships were not ready to receive them. They had much other work for the cars to do, and they used their cars for that purpose. In addition, the flour could be kept in better shape in the warehouse than in cars alongside the track. I am glad to be able to report that the repairs to these ships are about completed, and the movement of flour will again start from the mills.

Mr. SMITH (Calgary West): I am sure we are all glad to have the information, but it does not answer the question I asked.

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): May I direct the attention of the hon. member to the answer given by the Minister of Trade and Commerce to be found at page 4376 of *Hansard*.

Mr. SMITH (Calgary West): Thank you; I was not here.

FOREIGN EXCHANGE CONTROL

STATUTORY AUTHORITY FOR ORDERS IN COUNCIL PASSED UNDER WAR MEASURES ACT

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance) moved the third reading of bill No. 195, respecting the control of the acquisition and disposition of foreign currency and the control of transactions involving foreign currency of non-residents.

Motion agreed to, bill read the third time and passed.

FEDERAL DISTRICT COMMISSION

PROVISION FOR ADDITIONAL COMMISSIONERS, TRANSFER OF CERTAIN JURISDICTION, AND GRANTING OF MONEY

The house resumed from Friday, August 9, consideration in committee of bill No. 357, to amend the Federal District Commission Act—Mr. St. Laurent—Mr. Golding in the chair.

On section 1—National capital district.

Right Hon. L. S. ST. LAURENT (Minister of Justice): Mr. Chairman, it is not my intention at this time, or perhaps at any time, to make any lengthy plea in favour of the provisions for the improvement of the federal area. This bill is nothing new; it is simply a continuation of provisions that have been made for almost the last fifty years in that regard. The fact that the matter had been in progress for fifty years should not surprise anyone. I should be very much surprised, and my descendants would be very much disappointed, I am sure, if it did not go on for more than fifty years in the future. I think it is the fairly general view that the development of the national capital will keep pace with the development of the country as a nation, and I hope that will go on for a very long time.

The leader of the opposition asked me at the resolution stage if I would make a brief statement on the historical background of this movement, which is not the policy of any one party but is something to which all those who have had responsibility for government in Canada over the last half century have been giving careful, sympathetic and effective consideration and cooperation.

The historical background of the commission is given on pages 60 and 61 in No. 3 of the proceedings of the joint committee of the senate and the House of Commons, reporting its sittings of Wednesday, June 28, 1944. I mention this because it is given in greater detail than I propose to give it in summarizing it this morning. But perhaps for the immediate information of hon. members who may not have this report at hand just at the moment, I may say that the federal district commission had its inception as the Ottawa improvement commission in 1899. It was established for the purpose of beautifying and improving the city of Ottawa as the capital of Canada by the construction of parks, driveways, public squares, boulevards and so forth.

Four commissioners comprised its membership, three being appointed by the governor in council and the fourth by the city of Ottawa. The chairman was named by the governor in council. All were to serve without remuneration. An annual grant of $60,000 was provided for a period of ten years from July 1, 1899. By an amending act assented to on August 13, 1903 the period during which the annual grant of $60,000 was to be paid was extended to twenty years, from the first of July, 1899 and the commission was given power to borrow up to $250,000 by the sale of debentures.

By an amending act assented to on May 4, 1910 the annual grant was increased to $100,000 for a ten-year period commencing July 1, 1909. An act to consolidate and amend the acts respecting the Ottawa improvement commission was then assented to on July 17,

1919. These dates will indicate that it was a matter that was being dealt with not only by one party but by whatever administration had responsibility for the affairs of the country.

The act of 1919 increased the annual grant to $150,000 for a ten-year period from July 1, 1919, and then in 1927 the name of the commission was changed from the Ottawa improvement commission to the federal distict commission. The act passed in that year increased the powers of the commission to enable it to extend its activities to areas or districts outside the capital proper, and provided for the appointment of a commissioner as a representative of the city of Hull. The dominion government, I am told, was actuated by the desire to widen the scope of the commission's functions to embrace not only Ottawa and the immediate vicinity but Hull and the adjoining municipalities on both sides as an integral part of the national capital area.

The act of 1927 also increased the annual grant of the commission to $250,000, but this was reduced again to $200,000 in 1928 when provision was made for a grant of $3,000,000 to be expended upon capital improvements over a period of years. The beautification and improvement works which had been commenced in 1900 for Ottawa and district, under these authorizing acts of parliament, consist of parks, landscapes, driveways, the latter extending from Rockcliffe park east of the city of Ottawa to Aylmer road west of the city of Hull. The driveway follows as closely as convenient the banks of the Ottawa and Rideau rivers and the Rideau canal. Approximately twenty-two miles of driveways have been constructed. Gatineau park, comprising 16,000 acres situated in the Laurentian hills on the Quebec side of the river, about seven air miles northwest of Ottawa, is being preserved in its natural state of wooded hills, valleys, lakes and streams, for the enjoyment of the public.

By orders in council the responsibility of improving and maintaining the grounds of Rideau Hall, those surrounding the national research council buildings and other dominion government buildings in Ottawa was transferred from the Department of Public Works to the commission in the years 1932 to 1934. Amounts for this work are voted annually by parliament in estimates approved by the governor in council.

The number of properties now serviced by the commission is 110. The land now owned or controlled by the federal district commission in and around Ottawa, exclusive of the 16,000-acre national park, is: Owned by the federal district commission, 758 acres; leased from the crown, 224 acres; leased from the city of Ottawa and developed and maintained by the commission, 129 acres; grounds of government buildings maintained through the instrumentality of the commission under these orders in council, about 200 acres, or a total of grounds thus administered and maintained by the commission in Ottawa and the immediate vicinity of 1,311 acres. In addition, as I stated a moment ago, there is the 16,000 acres of land in the Gatineau park.

The leader of the opposition in his inquiry the other day, seemed particularly interested in having a statement of receipts and expenditures of the commission since its inception. The figures I have been given are as follows:

Statutory grants from 1899 to 1909, $60,000 a year for 10 years.....	$600,000
Statutory grants from 1909 to 1919, $100,000 a year for 10 years.....	1,000,000
Statutory grants from 1919 to 1927, $150,000 a year for 8 years.....	1,200,000
Statutory grants from 1927 to 1928, 1 year.....	250,000
Statutory grants from 1928 to 1946, $200,000 a year for 18 years.....	3,600,000
In addition thereto, special grant made under the act of 1928.....	3,000,000
Grand total	$9,650,000

In addition to that there have been votes by parliament over that period of $1,162,788. There have also been advances from government departments for work on the maintenance of grounds and new buildings of $2,016,766, making a grand total of $12,829,554 over the forty-eight years.

I come now to the expenditures for that period: For the construction and maintenance of the parkway system, $10,690,117; for the maintenance of grounds of government buildings, $1,375,125; for the development of grounds of new government buildings, $641,640.

In connection with the future work of the commission there are a few points I should like to mention. First of all I wish to point out that there is no provision in this bill or in anything parliament is being asked to pass making this a national war memorial. This is a bill to amend the act respecting the federal district commission, and these amendments are required, and I trust will be made by the house, entirely apart from any idea as to whether or not the development of the national capital should be classified as a national war memorial. I know that the Prime Minister has urged that the development of the national capital might be a fitting way for the nation to express its gratification at the role played by the Canadian nation in the last war. That is a matter about which it was apparent from the debate last evening

that there is no unanimity of opinion, and it is not my purpose to ask the house to make any pronouncement about it at this time.

This bill is for the continuation of the development of the capital area consisting of Ottawa and the surrounding district. I think there is much to be said for the view that it is something that the Canadian nation would wish to do entirely regardless of any other consideration. I think it is something that the Canadian nation feels should keep pace with the development of the country. The appropriation suggested at this time would not be required, and would probably not be justified, if we in this house felt that the Canadian nation had reached the full stage of its national development and of its importance in world affairs. But as the nation develops—and I think we all feel that it will develop for a long period still, and that this immense area of the habitable portion of the globe is to be the home of a much larger population than the twelve million people who control it at the present time—as that goes on, it will be necessary that the national capital keep pace with the development of the nation. In order that that may be possible I think it is only the part of prudence and foresight to lay out plans which will not be carried out at any early day but which it would be possible to realize without having to destroy too much placed in the way of their realization when the proper time comes. It was for that purpose, and it is for the same purpose, that these capital sums are being asked parliament to appropriate. There are a great many places in Canada where the development has been such that it has necessitated the tearing down of things which would still intrinsically have had some value but which had to make way for something more useful which the developments had made necessary.

As I said at the resolution stage, the work will be somewhat greater in extent than it had been hitherto, because of two factors. One is that over the past five or six years the development of our people as a nation has proceeded with greater rapidity than it had at any previous period. Canada's position as one of the nations of the world has asserted itself to a much greater degree during the last few years than had happened at any time before, though it must be at once stated that the groundwork for that development and for that expansion had been laid from the very beginning. This is just one example of what I have in mind. The exchange of diplomatic representatives between the Canadian government and the other governments has brought to Ottawa a large body of officials representing other nations of the world. Their presence in Ottawa has put some strain upon the buildings, upon the layout which had previously sufficed for the requirements of the business transacted on behalf of the nation at the national capital, and that is still going on.

The second factor which makes it appear desirable to proceed a little more rapidly is that so much of the maintenance and development work had to give way to more urgent matters during the war period, and they had to be deferred until this time. The federal district commission is like any other large body in Canada. It had to allow activities that were not of vital necessity to win the war to be deferred until the war had been won.

This bill does not deal with any general plan of development which may be decided on for the capital, and I would not expect that there would be any decision made at this time or in the immediate future blueprinting what was to be done and at what dates it would be done. But a general over-all plan is being prepared which would make possible the development of a national capital with a population two or three times what it is at the present time, showing what a city of that size as the national capital would be apt to require. It is suggested in this bill that there be such cooperation between the various authorities concerned as would prevent the doing of things which would be obstacles to the realization of that larger plan, as and when conditions made it proper to develop it.

To cover expenditures of a capital type, such as those for the purchase of lands and works, the development of the parkway system and so on, the bill before the house provides that over a period of years the sum of $3,000,000 may be allocated to the commission, as a similar sum of $3,000,000 was made available between 1928 and 1935 under the terms of the 1928 act. To cover the increased current expenditures an increase in the annual grant from $200,000 to $300,000 is also requested.

The part of the work of the commission which will be connected with the broader developments of the capital will require special arrangements. As hon. members know, the government has had Mr. Jacques Greber to advise on the general planning. I was much interested and impressed by what was said last evening by the hon. member for Eglinton. I think all Canadians wish this capital to be expressive of Canadian mentality and Canadian conditions, that it be the capital of the Canadian nation and not a pocket edition of anything already in existence else-

where. But as the hon. member suggested, in that connection it is wise to have advice as good as can be obtained, and I think the knowledge a competent landscape or town development architect has acquired over a long period of years in examining the layout of other capitals or other cities is something which can be of considerable assistance. I do not suppose there is a city in the world where mistakes have not been made. I think it wise to have the advice of one who has studied the situation elsewhere, who knows what mistakes it is necessary to guard against and who can suggest outlines and general plans to be worked out in the atmosphere of a Canadian mentality and of Canadian conditions in this federal area. I have been here only a few years and am not competent to express any views, but I am not convinced that the development of the railway terminal here has not been a mistake to a certain degree, and that it might not have been wiser and more helpful to the ultimate development of a greater federal capital to have made some other arrangements for bringing the railway systems into the city. I am not expressing that as a definite opinion, but there are those who are not convinced that some mistake was not made there.

The work being prepared under the guidance of Mr. Greber is being done here in Canada by a staff of Canadian architects and draftsmen, and is something that will make available not a plan for immediate realization but a plan which will show what kind of arrangements it would appear in the light of experience to be necessary to provide for in a national capital that might have two or three times or perhaps even more the population of present day Ottawa.

Mr. REID: In the report made by the committee the government was authorized to ask the federal district commission to call the railways together with regard to a new union station and also with regard to the elimination of their tracks. I was wondering if that authorization had been carried out.

Mr. ST. LAURENT: That matter is under consideration, and I was about to state to the committee what has been done in that connection. Last December the matter was quite fully gone into and a tentative decision arrived at to set up three committees, one to be known as a national planning committee, the second to be known as a parks committee and the third to be known as a railway committee. The national planning committee I understand has been authorized and would consist of seventeen members comprising the mayors of both Ottawa and Hull, with the other members to be appointed by the federal district commission, not necessarily chosen only from among their own members, to advise on the acceptance or otherwise of this general plan as something to work to in future years. Some of the members are to be well qualified in the science and practice of town planning and to be chosen, because of the necessity for frequent meetings, largely from the cities of Ottawa, Montreal and Toronto. They are to be appointed by the federal district commission under authority of order in council P.C. 5634 of August 16, 1945. As I said, two of them are to be the mayors of Ottawa and Hull. The personnel of this committee is to serve on an honorary basis, getting only the reasonable out of pocket expenses incurred in attending meetings. I may add that from the outset the whole of the work that has been done by this Ottawa improvement commission, or the federal district commission, has been done entirely without remuneration, as a voluntary and very willing contribution of public-minded citizens.

Mr. BOUCHER: A work of love.

Mr. ST. LAURENT: A work of love, to provide for the future generations of Canadians. The principal function of this national planning committee will be to meet as often as required for the purpose of laying down the broad general outline of the master plan for the capital district, with Mr. Greber acting in the capacity of a consultant, a capacity which I understood the hon. member for Eglinton to favour in his address last evening. The actual work is being done at the expense of the federal district commission by a staff which I understand now consists of thirteen members, architects, draftsmen and so forth, working under the general direction of Mr. Greber. This national planning committee will report to the government through the commission and will advise the commission as to the subsequent and gradual development of the general scheme, as and when conditions appear to make it opportune to undertake it.

The second committee which has not yet been formally set up by by-law of the federal district commission, but which is under consideration, could not operate effectively it was felt, until the general plan was available. This parks committee would have a membership of five persons chosen by the federal district commission from the federal capital area, persons who have in particular displayed a keen interest in the formation and development of Gatineau park. Its chief duty would be to advise as to the management and further development of Gatineau park and

other park areas, from the point of view of the maximum use the public could make of those facilities.

The third committee would be the railways committee. It was felt that there again there must be this general master plan as a thing to work to in the future before the railway committee could do any valuable or effective work toward the solution of that part of the problem. After the national planning committee have determined the extent of the changes which would ultimately be required in the railway lines in and around Ottawa, in order to conform with the requirements of a much larger capital city and development this committee would work out the details and the cost of such changes. I anticipate that would be something which it would be very important to have carefully gone into.

We have heard the old saying that Rome was not built in a day. I do not think the capital of Canada is going to be built in a day. I do believe that no matter how desirable certain things might appear to be, they will have to wait until the opportune time—until they can be undertaken without putting any undue burden upon the economy of the nation.

This railways committee will be appointed by the federal district commission and will consist of the chosen representatives of the railway companies, representatives of Ottawa and Hull and also of the board of transport commissioners.

Before concluding these remarks I wish to say a word about the interesting and useful suggestion by the hon. member for New Westminster (Mr. Reid) and the remarks and comments made upon it by other hon. members. I think everyone is in agreement that this federal area should be regarded as a thing of interest not only to the citizens of Ottawa and Hull but to the citizens of Canada generally.

The bill does propose that of a commission of fifteen members, at least five—and the number has not been limited to five—would be chosen as representing not the residents of the capital area but the residents of the rest of Canada. It would be possible, even with a commission of fifteen, to have a representative from each of the nine provinces. The object the government had in view in submitting the bill as it now stands was to have the Canadian public generally represented in this body.

If it is the feeling of the house that there should be a legislative requirement that at least one member of the commission would be ordinarily resident in each of the nine provinces, it does make the commission a little more unwieldly, inasmuch as there would be a commission of nineteen instead of the fifteen as set out in the bill. But that is not a serious objection. I am sure that if there were a commission of nineteen there would be occasions when routine meetings would be held, at which times the whole nineteen would not feel they had to attend. But when there was anything of major importance they would feel it their duty to respond.

Of course hon. members realize that as in the past this is going to be asked of them as a labour of love. They are going to be asked to serve without remuneration because they would be chosen by reason of their vision, outlook and public-spiritedness. We felt we might achieve that object by having regional representation. However, if hon. members feel it is preferable to have the nine provinces, as provincial units, separately represented, there will be no objection to accepting an amendment along those lines.

Having made these remarks I suggest that the committee might now be prepared to consider the terms of the legislation proposed. There may be other points which during the course of the discussion hon. members may wish to urge. They may feel sure that there is no desire to force anything upon the country. There is a desire to do what the predecessors of this government, to whatever party they belonged, have been doing for the last half-century, and to which I feel sure all future governments, composed of no matter which of the political parties, will also wish to add their respective contributions.

Mr. BRACKEN: Mr. Chairman, with the general objectives of this measure I am sure a large proportion of hon. members will be in accord. Certainly this party is.

I should like to thank the Minister of Justice (Mr. St. Laurent) for the historical background he has given the committee respecting this project over a period of time stretching back for almost half a century. He has shown that this project has had the support of every government in power since 1899. He has shown, too, that during that time $13 million has been put into it. He has pointed out further that the development, which began by costing the state $60,000 a year, had recently cost more than $300,000 a year and, when this measure passes, is likely to cost $600,000 a year. I mention this only as a fact, and not necessarily as a criticism.

During the course of his remarks the minister said that there is nothing in the bill which states that the present plan is to make of this project a national war memorial. I was glad to hear the minister say that, because if it had been the idea of the government to change the original conception and plan a national war

memorial rather than the development of a federal capital area on its own merits I would have felt it necessary to move that any national funds set aside for a national war memorial should not all be spent in Ottawa, but be shared with the provincial capitals. But the minister has removed that doubt from our minds.

With respect to the national planning commission and other commissions or committees working in connection with this project, has there been any intimation by the government to these bodies that they are working now on a national war memorial rather than on a project for the development of a federal capital area?

Mr. ST. LAURENT: Not to my knowledge. My information is that the instructions to them have been to work out a general plan that might make possible the existence of a city two or three times the size of the present Ottawa, with the facilities and amenities which that kind of city would require. The question whether it be a national war memorial or not I think is more a matter of nomenclature than something that would make any change in the nature of the planning. There has not been I think any request that there be aything specific planned that would be similar, for instance, to the monument in Confederation square or to the peace tower. They have not been asked to plan anything that would be the centre of a national memorial scheme. They have been asked to plan for the possibilities of a national capital two or three times the size of the present Ottawa.

Mr. BRACKEN: I am very glad to hear the observations of the minister. I think it is important that this house and the country should know what the purpose is behind this move by parliament. If it is for the development of a federal capital area in which the whole Canadian people can take pride, we are all behind it—I am speaking only for ourselves. But if it were to be a national war memorial involving the spending of large sums here and very little elsewhere we would oppose that feature.

Mr. ST. LAURENT: I can give the hon. member the assurance that we are not asking parliament to commit itself in one way or another in that regard at the present time. We are asking parliament to commit itself to the preparation of plans for the long-term development of a national capital area two or three times the size of the present city of Ottawa.

[Mr. Bracken.]

Mr. BRACKEN: I commend the minister and the government for that attitude. The reason I raised the question was that there is an impression throughout the land that we are being asked to start in now to develop a great national war memorial in the nation's capital. The minister, in introducing the resolution on this matter, said, at page 4384 of *Hansard:*

> As hon. members are aware, the government has taken action to have plans begun for the development of the national capital area as a national war memorial. A large part of the work to be carried out in this connection will devolve upon the federal district commission.

It is because of statements such as that, as well as statements credited to the Prime Minister, that this development would be a great national war memorial that I raised the question. I do not think I need labour it further.

The minister in justification of this project pointed out that this country is growing, that the nation's capital will grow, and that it is wise to plan to avoid so far as possible mistakes in the development of this area. I think that is a very desirable objective. He mentioned that there had possibly been mistakes in some of the cities' plans in the past, and he referred specifically to the railway terminals. I think there will be considerable agreement with him in that. But I do not think that all the mistakes were made in the distant past. I have heard people say that this Confederation square which has been developed since the federal district commisison came into being is not without criticism. That feeling is widespread. So that even though we proceed to plan in the way proposed we are not necessarily going to avoid mistakes in the future.

I have one question in regard to detail to ask the minister. In outlining the expenditures over the last forty-eight years for the development of this area, amounting to about $13,000,000, the minister indicated that the federal district commission administers certain sums which are voted to various departments. Are those in addition to the $13,000,000?

Mr. ST. LAURENT: No, those are included in the $13,000,000. I gave the details. There are votes made to certain departments, and the amounts are turned over for expenditure to the federal district commission to discharge the responsibilities for which the votes have been made by parliament. But all that is included in the figure I gave.

Mr. BRACKEN: Thank you. Might I ask the minister if there is any more recent report from Mr. Greber with respect to his ideas for future plans?

Mr. FOURNIER (Hull): Mr. Greber left Ottawa ten days ago to go back to France after spending nearly five weeks here. He was directing the personnel of thirteen in the Hunter building, Canadian architects and draftsmen who under the direction of Mr. Greber are preparing the master plan. Mr. Greber will be back probably in three or four months and hopes to have a plan prepared for the approval of the federal authorities and the municipal authorities surrounding the capital city. Before any definite plan is decided upon all these bodies will be consulted and have an opportunity to express their views as to the usefulness of making changes in the suggested plan. The joint committee that sat in 1944 recommended the preparation of this plan, including the setting up of the committees which the Minister of Justice mentioned, a planning committee and a railway committee. These two committees have not yet been set up but the federal district commission has passed a by-law which was confirmed by order in council some time ago for the setting up of a planning committee composed of Canadian architects representing the two cities and even the surrounding municipalities across the river. This planning committee has been set on foot but it has not sat yet because Mr. Greber happens to be the consultant to that committee. On his return to Canada we hope that the members of that committee will have been appointed and that the committee will study with Mr. Greber and the local authorities the completion of this plan.

Mr. BRACKEN: My only comment in connection with the remarks of the minister is that it is to be regretted that when we are considering a measure of this importance we could not have before us the latest report or recommendation by Mr. Greber. In that connection may I ask the minister in charge of the bill or the Minister of Public Works whether the federal district commission was responsible for the development of Confederation square?

Mr. FOURNIER (Hull): I am glad the hon. member brought up that matter. Those who lived in Ottawa ten years ago will remember the situation at the corner of Sparks and Rideau streets. They will recall the old Russell hotel, the old post office and the other buildings that were there at that time. In those days Ottawa had a population of about 125,000 or 130,000, but during the past few years the population has increased by nearly 40,000. Compared with ten years ago, traffic in Ottawa to-day is about ten times as great. I do not say that the plan is perfect, but if that square had not been developed we would not be able to get through at all with our present traffic. I think those who lived in Ottawa in those days and remember how it was will bear me out. The hon. member for Carleton knows this city quite well and he will remember the corner of Sparks and Rideau street as it was ten years ago and I think he will admit how difficult it would have been to move traffic through there to-day if this had not been done.

Mr. BOUCHER: I would probably repeat what it is called to-day, hell's half acre.

Mr. FOURNIER (Hull): However, traffic can still move through, and that would have been impossible if it had been left in its former state.

Mr. BRACKEN: I was not asking the minister to justify or excuse the plan; I asked him who was responsible for the plan, and he has not answered.

Mr. FOURNIER (Hull): The government was. At that time Mr. Greber was called in, when there was some question of where the war memorial in memory of those who lost their lives in the last war should be placed. That memorial was designed by Canadian artists.

Mr. BOUCHER: March brothers.

Mr. FOURNIER (Hull): I am speaking from memory, and I may be wrong, but I believe the plans for the square were prepared by Mr. Greber. I know he was called in in connection with the location of the new post office. However, the government of the day was responsible for that work. Perhaps mistakes were made, and more property should have been expropriated, perhaps the boulevard should have been extended down Metcalfe street instead of Elgin, but that is a matter of opinion.

Mr. BRACKEN: The minister says that the government was responsible for the plan, so the federal district commission is absolved.

Mr. FOURNIER (Hull): I think everybody had a share in the preparing of that plan.

Mr. BOUCHER: I think the minister will agree that the federal district commission had no responsibility for that plan.

Mr. FOURNIER (Hull): I did not say they were responsible.

Mr. BRACKEN: I am glad to have that answer from the minister, because we can have more confidence in the federal district commission when we know that they were not responsible for that monstrosity. The minister referred to the membership of this commis-

sion, and indicated that he was agreeable to an amendment which would provide for every province being represented. I had planned to offer such an amendment when the appropriate section was before us. I do not see why the membership would have to be increased from fifteen to nineteen, however, in the development of the national capital there should not be any province left out of representation on the commission, and when I say that I am not advocating that the membership be increased. I think the nine provinces could be represented in the suggested membership of fifteen.

Mr. BURTON: I wish to thank the minister for the clear statement he made this morning, and my only regret is that he did not see fit to say something of that kind when the resolution was before the house. There are a few things I should like to inquire about. The leader of the opposition referred to the fact that this was considered as a national war memorial, and I understood the minister to say in answering the hon. gentleman that that was not necessarily part of this scheme. The explanatory note reads in part:

> The purpose of this bill is to amend the Federal District Commission Act, 1927, so as to enable the commission to discharge more readily the duties that will devolve upon it in connection with the development of the national capital area as a national war memorial.

If it is not the intention of the government to do that, why should that explanatory note be placed in the bill? I would suggest to the minister that that be deleted. I am quite in accord with the idea that there should be a national war memorial in the national capital, but let us go ahead with it on that basis and proceed with this other work on its own merits. As I mentioned on the second reading, those whose memories we wish to commemorate by a war memorial did not all come from Ottawa. I contend that the various provinces should be given assistance in the building of suitable monuments or memorials.

From time to time the leader or the acting leader of this group speaks on behalf of this party, but I wish to make it clear that I have the privilege of speaking on behalf of the people of Humboldt constituency. When I speak on matters of this kind I endeavour to be governed by what I believe are the considered wishes of the people of my constituency. In our party it is recognized that a member has that right. The people in the constituency which I have the honour to represent know that I am a firm believer in democratic government. They know that I am prepared to obey the will of the majority when it is expressed in an orderly manner.

Last night this house approved the principle of this bill, and apparently that approval was given by a majority of the members. Being a true democrat I accept that decision and I shall be prepared to represent the people I am supposed to represent by continuing my efforts to work within that orbit and endeavour to make this bill a better bill. Therefore I shall be prepared to support any amendments, whether they come from this or any other section of the house, which in my opinion will remove the objectionable features of the bill.

While I am speaking of amendments, I may say for the benefit of the member for Fraser Valley that in discussing the principle of the bill yesterday I took occasion to note what some of the objections were, but I fully realized that it was not the time to move any amendments. I might further inform him that my experience in the past has been that if you really want something worth while done for the improvement of a bill, you should use your persuasive powers to the best of your ability to have the minister, or one of his colleagues appreciate the necessity for such amendments as you may suggest and move them accordingly. I can see that someone, whether myself or the member for Fraser Valley, had some influence on the minister, because he is prepared to go at least part of the way with us. For that I wish to thank the minister, and I may say that if either he or the member for Fraser Valley does not move some of the amendments I have in mind, I am prepared to bring them forward myself. I have some ready.

Mr. CRUICKSHANK: My good friend the member for Humboldt rather flattered me—well, no; he did not flatter me; he described me correctly—when he said that I used my persuasive powers on the minister. But the member for Humboldt yesterday did everything he could think of to oppose the bill in principle and otherwise.

An hon. MEMBER: He knocked it down and threw it out.

Mr. CRUICKSHANK: He may have tried to throw it out, but he did not succeed. There were too many of us from British Columbia for that. After I spoke last night, and I can be checked by reference to *Hansard*, the leader of the opposition stepped in, and he can read for himself what is reported in the record. I am proud that I brought that hon. gentleman into my little party in this connection, because I believe he will second

the amendment I announced last night that I would move. But going still further, the member for Fraser Valley used those same persuasive powers which the member for Humboldt speaks of to win to his side—that is, to win to the side of the member for Fraser Valley—not only the leader of the official opposition but the Acting Prime Minister, who has stated this morning that he will accept the amendment suggested by the member for Fraser Valley.

I am doing rather good work for the city of Ottawa, and if I stayed here long enough I might be able to fix that death trap at Confederation square that has been spoken of. I do not know who is to blame for it.

Mr. BOUCHER: We should be glad to have you.

Mr. CRUICKSHANK: I am sure I could be elected in Carleton if I ran there.

Mr. BOUCHER: At least I admire the hon. member's courage.

Mr. CRUICKSHANK: I had an amendment which I intended to move in connection with section 2, because I want the people of Manitoba and of all Canada to know that the leader of the opposition was right at least in this instance, because he is prepared, I understand, to second my motion, which will be to the effect that of the members appointed by the governor in council one shall ordinarily be a resident of each of the nine provinces.

In conclusion, may I suggest to the member for Humboldt that the most constructive speech made in this debate was delivered by the member for New Westminster, who said it would be an excellent thing if each province had the privilege of taking part in the beautification of one particular section of the capital. The only thing the member for New Westminster forgot to mention was that ninety per cent of the shrubs, flowers, and ornaments would come from Fraser valley, British Columbia.

Mr. BOUCHER: I am pleased to see the committee in such a happy mood when discussing the beautification of the federal area. One point I mentioned last night I would impress upon the minister who is piloting the bill. As a matter of fact, I do not think it is necessary for me to urge it upon him because in the course of his remarks this morning he mentioned the same thing several times. What I mean is that the word "area" is far more appropriate than the word "district". While it is true that this body was first incorporated as the Ottawa improvement commission, it had a title that more fittingly represented its activity then than that of district commission. For a number of years in this house and in the country at large a great deal of confusion, as well as some antagonism to the aims and objects of the government in the improvement of the federal capital area, has arisen because of the use of the terms "federal district" and "federal district commission."

I do not think the people of Canada are in favour of creating a federal district to be run by a commission with the probable loss of local autonomy. I do not think the people of Canada want to have established a federal area similar to that in Washington, run by commission government. I do not think it makes for harmony or the welfare of the community or of the project itself, when we bear in mind that we are taking in portions of two provinces with different municipalities, two provinces with different types of law, different laws governing real property, different educational desires, different municipal management and all the rest of it. Under these circumstances I do not think there should be any doubt about our intentions. There should be no loss to the community or to the province of local autonomy.

The commission that has been appointed has acted well as an advisory coordinating committee rather than as a legislative and enacting body. I feel therefore that the word "area" should be substituted for that of "district", and the word "committee" for that of "commission". The minister who is piloting the bill might consider adopting this suggestion, which would assist greatly in furthering the objects we have in view. I think we should change the name from "federal district commission" to "federal area committee". If such a change were made the people of Canada generally and in the area locally would look much more favourably upon this undertaking, and from a more realistic point of view. I am pleased to notice that the minister himself, whether intentionally or accidentally, used the words "federal area" three times in his speech this morning. Other speakers yesterday and to-day have done the same. It would be a great improvement and would make for better advertising and understanding if the change were made.

As a means of bringing the suggestion before the house for discussion—I will not insist on the exact wording—I propose at the appropriate time to introduce an amendment to that effect.

Some discussion has arisen to-day in regard to Confederation square. I do not think any of us wish to attribute blame to anyone in particular for the location of Confederation

square, but we all realize that, beautiful in itself, it is a very great handicap to the community in that it accentuates traffic congestion and adds to the difficulty in going and coming from Rideau street to Sparks street, from Elgin street and so on. Every day in the city of Ottawa trouble is caused by this bottleneck, and the difficulty is increased by the present location of Confederation square.

Mr. REID: Is it not a fact that the city council has given little cooperation in the diversion, or proper handling, of traffic?

Mr. BOUCHER: My hon. friend asked a fit and proper question, because just yesterday, in behalf of the residents of my own riding, I sought permission to get a bus coming from the suburban area west of the city to Confederation square, to serve the shoppers, the workers and the people from the west end. I was told that because of the bottleneck on Confederation square a bus service to serve the west end of the city could not be permitted there; they could not be served. In further answer to my hon. friend I would say that Ottawa never sought to have Confederation square as it is. They have always sought and continue to seek to have that congested area improved, but their hands are tied. The difficulty is there. I believe that they have done their best to try to re-route traffic, to try to manage traffic, to try to arrange traffic to create as little congestion as possible. They have gone so far as to place extra policemen in the area in busy hours to guide the traffic. I do not know what else can be done, except to put in a new thoroughfare to take some of the traffic from that bottleneck. Until that is done the authorities of Ottawa are helpless to mitigate in any way the conglomerated traffic conditions on Confederation square. I do not know what can be done other than a new route which will take traffic elsewhere.

Now that parliament is considering the grant of $3 million, one of the most necessary, must urgent and most useful ways of spending some portion of that money is to relieve conditions in that area. The minister has said that the committee on railways and the committee on planning must each await the returns of the greater federal area general scheme. I agree with that in part, but only in a very small part. The general scheme is one of long development. It has been worked on in one form or another for fifteen or twenty years. The report of no committee has ever been accepted by parliament, not even the report made by the Holt committee. Mr. Greber has now been working on it for approximately a year. Coordinating committees are working on it. Surely the time has long since past when for the sake not only of the city of Ottawa but of everybody who comes to this city and who must pass that area, something should be done about it. I believe I would be doing my duty, not as a citizen of Ottawa but as a citizen of Canada, to urge upon the government the imminent necessity of relieving the situation which prevails there. I have had experience in Ottawa with respect to the building of houses, factories, warehouses and all that kind of thing. Buildings of that type are being held up in so far as planning is concerned until a master plan is produced. Ottawa does not wish to complain about it. We are very glad to wait, but I say in a kindly way that the quicker we can get a guide to the development of the city and the relief of traffic and the establishment of industrial areas and some insight as to when, where and how the railway situation can be improved, the quicker it will be for the development not only of Ottawa but of the federal area.

The highway situation throughout both sections of Ottawa, east and west, is not a happy one. It is not as bad as Confederation square, but if you go through the westerly section of the city you will come to a junction of two or three railways, and you find traffic areas seriously congested. Development of improvements in directing the railways and the directing of traffic in the congested areas all await the master plan. May I therefore, expressing my own opinion, and probably asking the members of the committee to direct their thoughts to it, move, seconded by the hon. member for Nanaimo:

That the Federal District Commission Act, 1927, and this bill, be amended so as to have the words "district commission" wherever they appear in the said act or bill be substituted for the words "area committee."

Mr. MACDONNELL (Muskoka-Ontario): I should like to ask the minister a question, but before doing that I should like to appear as a dissenter. I think there has been far too much said against Confederation square. I think anybody who goes about his business in an orderly and regular manner can navigate traffic there without any difficulty. Too much talk has been had about the congestion of traffic there. If you go and look at the traffic in other cities you will find that there is no congestion on Confederation square at all. I realize I am merely a dissenter, and on that subject will suffer the fate of all dissenters.

May I ask the minister a question? I do not wish to appear like the proverbial puppy

with a rag, but I come back to the war memorial aspect of this bill, for this reason. I find in the explanatory notes that it is still stated that this is for the development of a national war memorial. I want to ask this question, purely as a matter of construction of bills. Before doing that I want to remind the minister that last September in the speech from the throne it was definitely stated that this planning was for a national war memorial. In fact the minister himself reiterated that last Tuesday, I think it was, and here we have it in the explanatory notes. May I take it from what he said this morning that this bill can be read without carrying this explanatory note. May I take it that what we are now discussing is a matter of government policy, and which is stated to be merely the extension of the activity which the federal district area or commission was set up to engage in and has been actually engaging in these many years.

Mr. ST. LAURENT: Yes. There has been far too much importance attached to the use of words. Some seem to have forgotten that a rose would smell the same whatever you called it. All that parliament is being asked to adopt are the provisions on the left-hand pages of the document which is before the committee. There are some who may regard this as a tribute to the effort of Canada during the war which has speeded up this development; but all that is being asked for are the provisions which are set out to become part of the statute, and the explanations, can be accepted or rejected without in any way affecting the purport of the legislation parliament is asked to enact.

I know that the Prime Minister personally feels that the development as rapidly as possible of the national capital might be such a fitting memorial that there might not have to be other forms of memorials, but it is quite evident that that is not by any means a unanimous view. What is asked for here is something that would and should be asked for even had there been no war at all, and it will have to be done whether or not there are other forms of memorials provided as tributes to the gallant men who served the state in the armed forces during the war.

With respect to the amendment proposed by the hon. member, I would ask him if he would not withdraw it at this time. This is a matter in which a great many people are interested. The name "federal district commission" is the name under which the property is now held. To change it would involve rewriting another bill to carry out the idea which prompts this amendment, and I would ask the hon. member if he would not withdraw it at this time. It has been placed before the house and the country. I can assure the hon. gentleman that it will be given consideration, but I do not know enough about the affairs of this commission to feel at all comfortable about taking the responsibility of accepting or definitely turning down this suggestion.

This is a long range matter. The name "federal district commission" has been used since 1927, I think. The fact that in the United States there is under the control of the government of that nation a district known as a federal district may have indisposed some toward the aims of this commission. As a matter of fact there is nothing and there never has been, in the statute or in the attitude of the commission, constituting any threat to the local autonomy of the two bodies governing on the two sides of the river here. I think the hon. member will agree with that. There is nothing and never has been anything in the statute or in the attitude of the members of the commission that implied the slightest threat to the autonomy of the municipal corporations, and I do not think there has been at any time anything done by the commission or any member of it that would make the municipal authorities feel their prerogatives were being trespassed upon; and I am sure that is the present mentality of the commission. It may be that it would be desirable to avoid any suggestion of a possible menace resulting from the similarity of this name with that of the United States commission, but I would be much obliged to my hon. friend if he would just allow the matter to stand as something to be considered at another time, and not insist that a decision be made concerning it at this moment.

Mr. BOUCHER: I shall be very pleased to withdraw my motion at the suggestion of the minister, because I believe what he has said is quite correct. But I think this has illustrated the difficulties we have had and those which have been experienced by the federal district commission, and no doubt he has been impressed by the necessity of some change in that regard. I think it would be very improper to press my motion at this time, but I do urge the minister to take into consideration some means to alleviate the fears which do prevail in regard to the creation of a district governed by a commission, instead of an area coordinated by it.

Mr. SHAW: My colleagues and I have had very little to say during this debate, but just in case our silence may be misunderstood I should like to make it quite clear that we approve the bill at present before the com-

mittee. We feel, however, that on this particular occasion it should not require hours of debate to indicate approval, or hours of debate to indicate disapproval. My personal view is that Canada, as a great nation, should have the finest capital possible. Let me repeat what I said at the outset, that we approve this bill.

Mr. GRAYDON: Mr. Chairman, I am gratified at the tendency of hon. members not to try to isolate this area from other parts of Canada, or to regard it as something separate from the general interest; because after all Ottawa is the capital of our great land. I think it only natural that we should take pride in having a capital which will be a credit to the country generally, and I believe that is the feeling of the committee, regardless of the details which may sometimes divide us in connection with its beautification.

I suppose the idea of associating this beautification scheme with a national war memorial arose from a movement which has made considerable headway in Canada in the period following World War II, as a result of which in various municipalities and counties throughout Canada something perhaps more material in the way of war memorials is being proposed. In many places community centres seem to have gained great favour. I express no opinion concerning the matter, other than to suggest that we should not go too far in either direction. I believe there is a course which will appeal to most Canadians; and if I may express a personal thought in connection with a national war memorial, I should hope that what is set out in the explanatory note of this bill will not prevent further consideration of the whole matter of a national war memorial on some other basis if in the days to come that should be considered the proper thing to do. Our boys have just come back. I do not suppose they have had much opportunity to give consideration to what they believe is the right kind of memorial to their pals and comrades who lost their lives in this war. So I would hope the acceptance of this bill would not preclude the creation in Canada of a national war memorial which would conform to the opinion of those whose views I think are much more important than those of any of us in this chamber, except those sitting here who served in the armed forces; that is, the views of the people who fought the battle that we might have a war memorial in this country.

Before I sit down I want to say this one thing further. There are more than material considerations in the matter of a war memorial. There is the sentimental consideration. Every visitor to these buildings, whether he be a civilian or an ex-serviceman, goes away more impressed by the dignified reverence of our memorial chamber than with any other single thing in Ottawa. I think that must be kept in mind in considering a national war memorial; and I only suggest that we be assured by the government that adoption of this legislation will not preclude a free, open and proper discussion and final decision at some future day in regard to a national war memorial for this last war. Of all the many things I saw a few months ago, when I had the privilege of going overseas, I think especially of the great Scottish national war memorial at Edinburgh.

Mr. MACKENZIE: The finest in the world.

Mr. GRAYDON: I agree entirely with my hon. friend, who has perhaps had a much greater opportunity of assessing it than I had; but it was the finest I had ever seen.

Mr. MACKENZIE: And ours is the second finest in the world.

Mr. GRAYDON: That may be so, though in connection with war memorials it is hardly a question of competition. Actually our own war memorial, for its size and type, does not have to take second place. But I will say this—

Mr. MACKENZIE: I was speaking about the war memorial chamber, not about the monument. I am not in favour of the monument.

Mr. GRAYDON: We understand each other on that. But I think for reverence and for dignity, that great shrine at the top of Castle Rock in Edinburgh, overlooking from its prominence that great city of culture, that great centre of so many good things the world has to offer, stands supreme.

While overseas I wrote the weekly newspaper in my area certain paragraphs, one of which I should like to place on record, because it states clearly what my thoughts were as I left that great war memorial. This is what I wrote:

> The people of cultured, quiet Edinburgh point with deep pride and reverence to the Scottish national war memorial, built after the last war on the prominent Castle Rock which overlooks from its dizzy prominence the whole city. There in an indescribably beautiful and appropriate setting are to be found the names of the men and women of Scotland who laid down their lives in world war No. 1. Above a bronze plaque on one of its many walls of stone are these words: In honour of all Scotswomen who amid the stress of war sought by their labour, sympathy and prayers to obtain for their country the blessings of peace.

Section agreed to.

On section 2—Federal district commission.

Mr. CRUICKSHANK: I should like to move an amendment to this section. I am not sure who will second it.

Mr. MACKENZIE: The leader of the opposition.

Mr. CRUICKSHANK: I am going to leave that up to the house. I hope there will be very little difficulty in getting a seconder. I move, in amendment:

That section 3 (1) be amended to read as follows: "Of the members appointed by the governor in council, one shall be ordinarily a resident in each of the nine provinces."

Mr. ST. LAURENT: I have no objection to the object behind the amendment, but I am not sure that it will accomplish what we wish to have done.

Mr. CRUICKSHANK: Well, put it into good phraseology.

Mr. ST. LAURENT: If the hon. member would allow his amendment to be substituted by the following, perhaps its would be satisfactory. The suggested amendment is as follows:

That section 3 in clause 2 of bill 357 be amended—

(1) By the deletion of the word "fifteen" in paragraph (1) and the substitution of the word "nineteen" therefor;

(2) By the deletion of the word "thirteen" in paragraph (2) and the substitution of the word "seventeen" therefor;

(3) By the deletion of all the words in paragraph (5) after the word "in" in line two and the substitution of the words "each of the nine provinces of Canada" therefor.

This would do what the hon. member wishes to have done, and would bring the other subsections into line with the specific amendment.

Mr. CRUICKSHANK: Mr. Chairman, with your permission, and through the kindness of the Acting Prime Minister, I should like to move that one instead. My people in the Fraser Valley will be delighted at my legal knowledge.

Mr. MACDONNELL (Muskoka-Ontario): I should like to ask one or two questions. First of all, is the hon. member for Fraser Valley sure that the amendment suggested by the Minister of Justice is to the same effect as the one he moved? I would ask the minister also whether there is anything in the section which would preclude the appointment of members of parliament to the commission. It seems to me the hon. member for Fraser Valley would agree that it would be more suitable to have members of parliament, who, after all, are presumably as intelligent and patriotic as any other persons, and who are here in Ottawa part of the year and could serve.

Mr. ST. LAURENT: That very question occurred to me this morning. I asked the Deputy Minister of Justice if there would be anything in the Independence of Parliament Act which would prevent it. Thus far he did not seem to think there would be any obstacle, and it may be convenient to have that done. It has not been done in the past, and I do not think it would be the desire of parliament that the commission be made up entirely of parliamentarians. The question whether or not there would be any obstacle in the Independence of Parliament Act is one I have asked the deputy minister to consider. If there did happen to be something there, it might be proper at another session to bring in an amendment to that act to say that nothing in it would prevent a member of parliament from serving without remuneration on this district commission.

Mr. HAZEN: Does the minister think the words "of the nine" are necessary? Are they not superfluous? Would it not be sufficient to say "in each province of Canada"? We may have ten provinces before long.

Mr. ST. LAURENT: We shall have to do some amending to get another province and at that time we could also make an amendment along that line.

Mr. HAZEN: "Ordinarily resident in each province of Canada" would cover it. How often do the members of this commission meet? How often did they meet in the past?

Mr. ST. LAURENT: In the past there has been ordinarily one meeting a month.

Mr. HAZEN: What are they paid?

Mr. ST. LAURENT: There is no remuneration; they serve without remuneration.

Mr. HAZEN: Should it not be stated in this measure that they shall serve without remuneration?

Mr. ST. LAURENT: It is stated.

Mr. BRACKEN: Before calling it one o'clock, Mr. Chairman, may I compliment the hon. member for New Westminster upon the expedition with which—

Mr. CRUICKSHANK: Oh, Fraser Valley —not New Westminster.

Mr. BRACKEN: I meant it as a compliment to the hon. member. But since he has changed his mind as to the number of commissioners I do not know that I can follow him as I would have done before he changed it. I may say that whenever he is right I am glad to follow him. But that occurs so frequently—so infrequently, I should say—

An hon. MEMBER: Make up your mind.

Mr. BRACKEN: The hon. member has agreed to change his amendment to one which will increase the number of members on the commission from fifteen to nineteen. I shall read the amendment I had proposed, in order that hon. members may consider it. This amendment would not have increased the number from fifteen to nineteen. It would read as follows:

That clause 3, section 2, be amended by striking out the word "thirteen" in the first line thereof and substituting therefor "four";

That clause 2 subsection 5 be amended to read as follows:

"One member shall be appointed by the governor in council for each of the provinces of Canada to hold office during pleasure for such period not exceeding five years as the governor in council may decide."

The only difference in substance between this amendment and the one already suggested is that this would provide for fifteen members as already planned, instead of nineteen as now proposed. I present that suggestion for the consideration of the committee.

Mr. ST. LAURENT: That possibility had been discussed. But there are already on the commission nine gentlemen who have served with devotion and distinction. This would have required eliminating some of them, and it was felt it would be ungracious and a poor recognition of the devoted service they have already given if any of them were asked to retire before the expiration of their term of office.

Mr. BRACKEN: And therefore we have to go to the expense of paying nineteen instead of fifteen.

Mr. ST. LAURENT: They serve without remuneration.

Mr. BRACKEN: Oh well; they do not serve without cost to the state. They serve without personal reward, but there are all the expenses which must be considered.

The ACTING CHAIRMAN (Mr. Golding): Before we call it one o'clock may I point out that section 2 was not carried? I believe it was the wish of the committee that that section be carried. We now have an amendment to section 3.

Mr. ROSS (Souris): We are on section 2.

The ACTING CHAIRMAN (Mr. Golding): It is clause 3 that hon. members are speaking to.

Mr. ST. LAURENT: Section 3 of the original act, but clause 2 of the bill.

At one o'clock the committee took recess.

[Mr. Bracken.]

The committee resumed at three o'clock.

The ACTING CHAIRMAN (Mr. Golding): When the committee rose at one o'clock there was an amendment before the chair moved by the hon. member for Fraser Valley, and later we had an amendment moved by the leader of the opposition.

Mr. BRACKEN: Mr. Chairman, I offered that only as a suggestion for the consideration of the committee.

The ACTING CHAIRMAN (Mr. Golding): Perhaps I had better read what the suggestion of the leader of the opposition was. It was as follows:

That clause 3, section 2, be amended by striking out the word "thirteen" in the first line thereof and substituting therefor "four";

That clause 2, subsection 5, be amended to read as follows:

"One member shall be appointed by the governor in council for each of the provinces of Canada to hold office during pleasure for such period not exceeding five years."

Is there any further discussion before I put the amendment moved by the hon. member for Fraser Valley, which reads:

(1) That clause 3 be amended by the deletion of the word "fifteen" in paragraph (1) and the substitution of the word "nineteen" therefor;

(2) By the deletion of the word "thirteen" in paragraph (2) and the substitution of the word "seventeen" therefor;

(3) By the deletion of all the words in paragraph (5) after the word "in" in line two and the substitution of the words "each of the nine provinces of Canada" therefor.

Mr. BRACKEN: The effect of the amendment is to increase the total number of members of the commission from fifteen to nineteen so as to make it possible to have a representative from each province. The effect of my suggestion would be to make it possible to have a representative from each province on the commission without increasing its numbers. The minister has indicated that he prefers the larger number because certain members now on the commission have given good service and out of respect to them he does not wish to dispense with their services. I think I shall have to say that I do not favour the policy of still further increasing the membership of the commission. We have commissions all over this country doing much bigger jobs than this with a much smaller membership than nineteen. I can respect the minister's reason for agreeing to the larger number, but it does not appeal to me as a business proposition.

Mr. REID: Various small matters of routine will have to be attended to by the com-

mission, and if you do not increase the number to nineteen it will mean that only a very small group of men will be dealing with these routine matters, because you could hardly call the representatives of the nine provinces together to deal with matters of detail. I can see a great deal of merit in having enough members to carry on the ordinary work of the commission, and when any larger matter of policy has to be discussed the representatives of all the provinces could be called together.

Mr. BURTON: I am not a stickler as to just how the purpose should be accomplished, and if the minister thinks that the suggestion of the hon. member for Fraser Valley would answer the purpose I would be agreeable, but I was of the opinion that fifteen members on the commission would be sufficient. The leader of the opposition has indicated his suggestion as a possible amendment. I have also prepared a suggestion to amend clause 5 of this section by striking out the words "either" and "or" where they appear in the third, fourth and fifth lines of the clause; and that the clause be further amended by inserting the words "one in" immediately preceding the names of each of the following provinces: Saskatchewan, Manitoba, Nova Scotia and Prince Edward Island. I think that would cover what we have in mind. It would give to each province a representative on the commission and leave the membership on the commission at fifteen, which in my opinion would be sufficient for the time being.

Mr. ST. LAURENT: The reason I gave this morning against this suggestion was that there are already nine commissioners in office who have performed valuable service. The next section of the bill provides that they shall remain as part of the number to constitute the enlarged commission. It would be embarrassing to ask any of these gentlemen to retire before the expiry of his term of office. In view of the desire expressed that there be a member chosen especially to represent the whole people of each province it was felt that the easier way would be to provide them as additions to the commission rather than to ask the members of the commission who have been giving good service and who are entitled to the gratitude of the community for the services they have given to retire before the time fixed in the following section.

Mr. BRACKEN: What are the names of the members of the commission?

Mr. ST. LAURENT: They are: Frederic E. Bronson, Chairman; Dr. R. Chevrier; J. W. Ste. Marie; C. J. Booth; J. B. Spencer; J. A. Ewart; D. K. MacTavish; A. J. Major; Mayor Stanley Lewis; and there is one vacancy, which is to be filled by an appointee of the municipal council of the city of Hull. Of course, technically the desire which has been expressed could be satisfied if we had no one representing the provinces as a whole of Ontario and Quebec in addition to those representing the cities of Ottawa and Hull, but that would not be carrying out the spirit of the proposals. The spirit of the proposal is to have one from each province not representing the immediate locality but the people of the province as a whole. It would not be carrying out that idea to have the whole population of Ontario represented by the Mayor of Ottawa, or to have the whole population of Quebec represented by the mayor or a designate of the council of the city of Hull. So it seemed that the spirit moving hon. members' request that there be a representative of the whole population of each province would be better met by increasing the number of those who make up the commission than by asking any of the gentlemen who have heretofore served to retire and make way for someone else.

Mr. BRACKEN: I have a suggestion, if the minister would be prepared to consider it, which would perhaps accomplish both his own purpose and what I think would be the desire of the house. As the terms of the present members expire they could be replaced with representatives of provinces not then represented on the commission. I offer that as a suggestion to the minister.

Mr. BOUCHER: May I point out to the minister another thing that might be taken into consideration in the appointment of these men. Ottawa is allowed one member, and Hull, with a population of about 33,000, is allowed one member, but the suburban areas surrounding Ottawa, which have a population perhaps greater than Hull and which bear a substantial relation to the population of Ottawa, are not represented. As I said last night, I think Carleton county is a most important part of the federal area. In choosing these men we have to choose them from the national rather than the local viewpoint, yet we should choose men who will be primarily concerned with the problem facing the government.

Mr. MACKENZIE: Give us the nineteen members and we will be able to do that.

Mr. BOUCHER: The members of the present federal district commission have been conversant with the problems here and they have done an excellent job. The members of

this commission should be familiar with the local problems, the layout of the land and so on, so that they will be able to plan first things first and not always be up in the air with some future plan; they should develop the area economically as well as aesthetically.

Amendment agreed to.

Mr. MACDONNELL (Muskoka-Ontario): I should like to say a word about the last paragraph of this new section, which provides that—

The governor in council may from time to time designate an area within and in the district surrounding the city of Ottawa to be known as the national capital district.

Why is that "governor in council," and why is there no reference to the commission?

Mr. ST. LAURENT: The commission makes the recommendations and they are made effective by an order in council. That is what was done in connection with the present federal district. The federal district commission passed the following as its by-law No. 27.

Pursuant to the provisions of the Federal District Commission Act under which the federal district commission may cooperate with any municipality, or interested persons or any other body, within the district of the national capital, which is more particularly described in section (3) hereof and shown in outline on the attached plan, for planning, development, improvement and beautification in the aforesaid area, be it enacted as by-law No. 27 of the federal district commission.

The first paragraph deals with the appointment of committee or committees; the second provides that the chairman of the commission shall be ex officio a member of any committee, and the third paragraph provides that for the purposes of this by-law the district of the national capital shall be defined as follows, and then follows the technical description. That was passed on April 13, 1945; it was submitted to the governor in council and made effective by order in council P.C. 5634, of August 16, 1945.

Mr. MACDONNELL (Muskoka-Ontario): I still do not see where it is not left open to have that change, unless there is something else in the statute. I have only before me that paragraph of the new section 3. Why would it not be proper to have in there, "and the governor in council may on the recommendation of the commission from time to time designate"? Even following the by-law as read by the minister, and even though it were adopted by order in council, it would not be as effective as if it were introduced into the statute.

[Mr. Boucher.]

Mr. ST. LAURENT: If hon. members fear that the governor in council will make the description of the federal district different from that found satisfactory by the federal district commission, the members of which will have been appointed by the governor in council, then the language suggested by the hon. member would be appropriate, but I do not think it is necessary. The cooperation that has existed between the commission and the governor in council has always been such that it is unnecessary, but if hon. members are fearful that there may be a clash between the governor in council and the commission, the language suggested would make the requirement of a recommendation of the commission a prerequisite.

Mr. MACDONNELL (Muskoka-Ontario): I do not want to seem to be niggling or technical, but I know there is a feeling in certain quarters that the commission has not had as much to do with certain things as might have been intended, and if the minister would consent to the introduction of these words I should be glad to see them in.

Mr. IRVINE: It would seem to me that it would be only right and proper that the governor in council should have some say in a project in which the whole Dominion of Canada is interested and on which it is intended to spend money. If I understood the hon. gentleman to my right correctly, he wants to give a greater power to the commission and less to the governor in council; is that right?

Mr. MACDONNELL (Muskoka-Ontario): I want to be sure the commission has a say, that is all. I understood the minister to say that these words could go in if they were desired, and I should like to know just how far he is willing to go.

Mr. ST. LAURENT: If the majority of the committee feel that the qualification suggested should be there, I shall raise no objection, but I do not think it is necessary.

Section agreed to.

Section 3 agreed to.

On section 4—Commission to coordinate work in district.

Mr. BOUCHER: This section provides:

(6) In any case where the commission does not give its approval under this section the governor in council may give such approval.

As the minister has stated, I do not think it is probable that the commission will be recommending one thing or opposing one thing

and then the privy council take the opposite stand, but I believe in the past there have been occasions on which buildings have been erected in inopportune locations near the federal district driveway and which were not approved of by the commission. It is possible that some of those buildings were erected by the government as well as by private individuals and they have interfered with the proper zoning and the proper intentions of the commission so far as the driveway is concerned. In the case of the dominion government deciding to build a building in a certain location and not being able to get the approval of the federal district commission, this section would give the governor in council the power to pay no attention, as it were, to the federal district commission. But I think this section goes even farther, it gives the governor in council the right to overrule any power which may be given to the federal district commission by section 4, which will be the new section 6A. I think it is desirous that there be a limit upon the power of the governor in council to disregard the commission's findings. Has the minister any particular reason for wanting that there? If the governor in council does overrule the federal district commission, it should be in direct and specific terms rather than by implication or necessity, as it might be here.

Mr. ST. LAURENT: If the hon. member reads the section he will find that the bill has not purported to take away from the municipal authorities their rights with respect to zoning and has not proposed to substitute the authority of the federal district commission for the rights of the local autonomous bodies; and until something has been worked out with them, and to which they will have agreed, it would probably be looked upon as an undue interference with their autonomous powers. This section 6A provides in subsection 1 that the commission shall coordinate construction and development work in the national capital district in accordance with general plans approved from time to time under the act. That is the general principle, and to carry out that principle the following provisions are made:

(2) Proposals for the location, erection, alteration or extension of a building or other work by or on behalf of the government of Canada or by any person on lands owned, leased or otherwise controlled by the government of Canada in the national capital district shall be referred to the commission prior to the commencement of the work.

(3) No building or other work shall be erected, altered or extended by or on behalf of the government of Canada in the national capital district unless the site, location and plans thereof have first been approved by the commission.

(4) No person shall erect, alter or extend a building or other work on land in the national capital district owned, leased or otherwise controlled by the government of Canada unless the site, location and plans thereof have first been approved by the commission.

(5) Every person who contravenes or fails to comply with subsection four of this section is guilty of an offence and liable on summary conviction to a fine not exceeding five hundred dollars.

So it is only the activities of the government of Canada, or the placing of buildings on land owned or controlled by the government of Canada, that come, under this section and has to be submitted to the federal district commission for approval. It is only in such cases that section 6A applies. It would seem that the matter has to go before the federal commission before the government can act. The federal commission has full opportunity to investigate it and to make its recommendations. If these recommendations are such that the governor in council feels they should not be complied with, it does not seem unreasonable that he should overrule. But it is only the activities of the government of Canada or the activities carried on on land controlled by the government that are dealt with in these provisions.

Mr. BOUCHER: My main concern about this section arose out of the proposal that was dealt with by the committee that sat about a year or a year and a half ago to deal with federal district commission matters. At that time it was brought to our attention—I forget the details—that the dominion government had erected a building, unwittingly I believe, that did interfere with the federal district commission's scheme, I felt that if we are to set up a federal district commission to deal with federal district land it would not seem necessary for the government to have an overriding power, except to a limited degree, and by specific enactment rather than by implication.

Mr. ST. LAURENT: I do not think this means merely implication. In any case where the commission does not give its approval under this section, the governor in council may give such approval. It is something that is normally within the control of the government. All agencies of the government will have to go to the commission. If the commission feels that something should not be done and the government agency feels it is a proper thing to do, the government can overrule the commission in that respect. That I believe is a provision that will avoid any unwitting interference with the plans of the commission. No government agency, after this is adopted, will be able to go ahead

within the federal district without communicating its plans to the commission and trying to secure its approval.

Section agreed to.

Sections 5 and 6 agreed to.

On section 7—$3,000,000 for purposes of commission.

Mr. BURTON: Will the minister explain this section a little more fully? To me it is ambiguous. Does it apply to the purchasing of property alone? Is the $3,000,000 the aggregate that can be spent in any one year, or is it the aggregate sum that can be spent under this clause for the period of fifteen years mentioned previously?

Mr. ST. LAURENT: As far as the appropriation is concerned it is $3,000,000, and there is no more either within or outside the fifteen years, unless and until parliament makes another appropriation for capital purposes. Until then this is all that is available. There is no determination as to when it can be spent, but after it has been spent it will have been exhausted.

Mr. BURTON: In other words, the income of the commission will be the $300,000 per annum provided for under this act plus the $3,000,000 to be spent for the entire period of fifteen years unless parliament votes more at some future time.

Mr. ST. LAURENT: Yes, not only for fifteen years, but for all time. They get an annual income, plus, once for all, $3,000,000 until parliament votes something more.

Mr. BURTON: It is provided here that money may be obtained from unappropriated sums in the consolidated revenue fund or by some other means. Is it the intention that the commission may issue debentures in order to obtain a certain amount of money?

Mr. ST. LAURENT: Yes. That was done at one time and the bonds were redeemed, and though it remains in this form I believe the commission is apt to say to the Minister of Finance that it would much prefer to have the grant of $3,000,000, or such portion of the $3,000,000 as it might require for proper capital investment, rather than issue bonds for it.

Mr. CASTLEDEN: How much of the $3,000,000 has been used?

Mr. ST. LAURENT: In 1928 $3,000,000 was provided and was used. This is another $3,000,000.

Sections 8 to 10 inclusive agreed to.

On section 15—Annual statement.

[Mr. St. Laurent.]

Mr. HERRIDGE: This section provides that the commission shall send to the president of His Majesty's privy council for Canada on or before the first day of September in each year a detailed statement of all its receipts and expenditures up to the last day of March in such year and copies of such statements shall be laid before parliament within the first fourteen days of the next following session thereof. This type of accounting is not very convenient if members of parliament wish to follow the public accounts in order to see that the public is getting value for its money. When you build a railway you know that it costs so much per mile. When you put up a building you can ascertain how much per unit of measurement you will pay for that type of construction. When you come to developments of this type it is difficult for members of the house, or anyone else, from a simple statement of receipts and expenditures, to know whether the public is getting value for its money. Has the commission been in the habit of keeping a working projects cost accounting system so that the various activities of the commission and the expenditures on certain aspects of their work are segregated and analysed and hon. members or any other person interested may determine what certain projects cost or certain parts cost, and so on?

Mr. ST. LAURENT: If the hon. member will look at the form of the federal district commission reports which have been issued in the past I think he will find that they are made up in a clear-cut manner, and supply all the information the hon. member has in mind. The act also provides that all expenditures are subject to the audit of the auditor general in the same manner as other public moneys; and having to keep their accounts so that they may be audited in the same manner as the accounts which are kept for all public moneys, the commission prepares and issues a comprehensive and clear-cut report which indicates what the various projects have cost. The one I hold in my hand is for the year 1942-43. It shows in detail the amount expended on each project. It consists of a whole page of headings. If the hon. member gets these reports I think he will find in them all the information which can be of assistance in coming to a conclusion when further votes are required.

Section agreed to.

Bill reported.

Mr. SPEAKER: When shall the bill be read the third time?

Mr. MACKENZIE: With the permission of the house, now.

Mr. ST. LAURENT moved that the bill be now read the third time.

Mr. BRACKEN: I wish to move an amendment. I shall not ask that the time be taken for a recorded vote on it, but I do wish to express my objection to appointing nineteen members instead of fifteen on this commission. I do not ask for a recorded vote, but I wish to put this party on record as being opposed to that section of the bill. Therefore I move:

That Bill No. 357 be not now read a third time, but be referred back to the committee with instructions to provide for the representation of each of the provinces of Canada without increasing the number of commissioners from fifteen to nineteen.

I wish only to add, Mr. Speaker, that that can be accomplished without showing any discourtesy to the present members, by providing that when their time is up the provinces not now represented shall become represented.

Mr. MACKENZIE: The amendment is lost on division. I understand the hon. gentleman does not wish to press the amendment.

Mr. BRACKEN: I do want to press the amendment, but I do not ask that time be lost in having a recorded vote.

Amendment negatived on division.

Motion agreed to and bill read the third time and passed.

HOUSE OF COMMONS

REMOVAL OF RESTRICTION ON CARRYING CAMERAS BY VISITORS TO PARLIAMENT BUILDINGS

Mr. SPEAKER: I am pleased to inform the hon. member for Peel that tourists are no longer obliged to check their cameras at the entrance of the House of Commons before making a visit of the building. As in the past, they will be allowed to keep their cameras inside the building, under the same regulations as were in force prior to the war.

CANADIAN FORCES

REINSTATEMENT IN CIVIL EMPLOYMENT ACT, 1942 —REGULATIONS GIVEN STATUTORY EFFECT

Hon. HUMPHREY MITCHELL (Minister of Labour) moved the second reading of bill No. 307, to provide for the reinstatement in civil employment of discharged members of His Majesty's forces and other designated classes of persons.

Motion agreed to and bill read the second time.

Mr. GREEN: Is the minister not going to explain?

Mr. MITCHELL: I do not think much explanation is necessary.

Mr. SPEAKER: Order. I have put the question to the house.

Mr. GREEN: We are all trying to cooperate in getting the business of the house finished, but it does not help to rush these things through in that way. The minister was half way up to make a statement while Your Honour was calling the second reading. I suggest that he be allowed to make his statement.

Mr. MACKENZIE: The question must be formally put to the house before the minister is able to say a word about it.

Mr. SPEAKER: I would not have any objection, but the hon. member will understand that I put the motion and nobody rose; therefore, I said "carried." I put the motion that the house go into committee. The minister will have an opportunity to make his statement when the house is in committee.

The house went into committee on the bill, Mr. Golding in the chair.

On section 1—Short title.

Mr. GREEN: I should like to have a statement from the minister now.

Hon. HUMPHREY MITCHELL (Minister of Labour): This bill is based on a number of orders in council. Originally the bill was introduced in 1942. It was operated with a number of orders in council providing for regulations, as I explained when the bill was up previously. Then on the advice of the law officers of the crown, in view of the possible expiration of the National Emergency Powers Act, the orders in council were embodied in a bill to which some hon. members took objection; and I may say privately I objected myself.

Mr. GREEN: But you did not say so that night.

Mr. MITCHELL: No, and you would not have said so had you been over here.

Mr. GREEN: Quite right.

Mr. GRAYDON: There are some things you just do not do.

Mr. MITCHELL: Of course. With the consent of the house I suggested that the matter be referred to the committee on veterans affairs, which has consolidated the orders in council and the original bill into the measure now before the committee. I do not know that I need say anything more, except that the regulations, both under the order in council and the original bill, have worked

admirably. There is no fundamental change brought about by the consolidation of the orders in council and the bill. As I have said, the bill has been scrutinized by the committee on veterans affairs; and as a member of that committee—though, as my colleague says, one of the "mobile reserves"—I think they did an excellent job. This house may rest assured that the veterans have received every protection in connection with this very important question. If in the course of the debate hon. members want to know the number of veterans who have come under this legislation, or who have been reinstated under it, or the organization that is in existence for its application and to see that the provisions of the act are followed, I shall be very glad to give the information. My own view is that the legislation has worked much better than even the most optimistic anticipated. We have had excellent cooperation as between the employers, the veterans' organizations, the Department of Veterans Affairs and my own department. Out of a total placement of some 175,000 it has been necessary to prosecute only two persons, which gives some indication of the degree of cooperation extended in connection with the problem of reinstating veterans into civil life, following the conclusion of the war.

Mr. GREEN: Is the bill in the identical terms of the recommendation of the veterans affairs committee?

Mr. MITCHELL: Absolutely; word for word.

Section agreed to.

Sections 2 to 13 inclusive agreed to.

On section 14—Proceedings against employers.

Mr. CASTLEDEN: Will the minister outline the procedure in taking action against employers who fail to comply with the regulations? Does the returning soldier have to take action against the company?

Mr. MITCHELL: No; we do it for him.

Mr. CASTLEDEN: Then in any case where he requires legal advice, what is the procedure?

Mr. MITCHELL: We take it if he complains to us, but he can take it himself if necessary. I said just now that of some 175,000 people who have been reinstated there have been only two prosecutions. If my hon. friend would like to know the names of the people who were prosecuted, I shall be glad to give them.

[Mr. Mitchell.]

Mr. CASTLEDEN: I was simply interested in the matter of procedure. Has the minister the number of cases in which returning veterans were not given their position?

Mr. MACKENZIE: We could not know, of course, unless they made specific complaints to us, either to the Department of Labour or to the Department of Veterans Affairs; but I think the record stated by the Minister of Labour is most excellent in every way.

Mr. CASTLEDEN: Could the minister give us the number of complaints he has received?

Mr. MACKENZIE: I have received none.

Mr. CASTLEDEN: What about the Minister of Labour?

Mr. MITCHELL: 4,277.

Mr. CASTLEDEN: Is that the number of complaints? That is rather large.

Mr. MITCHELL: No. I should say those are the cases pending. We have not had any complaints.

Mr. CASTLEDEN: What I want to know is whether you have heard any complaints from veterans who want to return to their old employment and have not been able to do so.

Mr. MACKENZIE: No.

Mr. CASTLEDEN: I am asking these questions because on several occasions certain men, I suppose they are firemen at the C.N.R. shops in Saskatoon, complained to me that when they went to return to their old employment they found themselves put on in the C.N.R. shops as firemen and were granted no promotions for the period of their absence in the armed forces. They find that men who stayed in the shops as firemen later had been acting as engineers, and apparently they were trying to get their cases adjusted through the union. I understood the union had taken their case up with the superintendent of the C.N.R., and the last I heard the matter was in abeyance. In the one instance of which I heard some eight or ten men were affected. Must these men have recourse to any other course of action in order to have their cases properly heard by a court, through the Department of Labour?

Mr. MITCHELL: The answer is no.

Mr. CASTLEDEN: Then this procedure did not apply to them?

Mr. MITCHELL: Yes, it does. It is very simple. As you know, seniority on the railroad goes by divisions. You have

seniority as firemen, seniority as wipers, seniority as maintenance men, seniority as maintenance trainmen, seniority as conductors and so on. They are in more or less watertight compartments. You get your seniority in the division or the compartment, in conformity with the agreement between the employers and the employees. Let me say to my hon. friend that I know something about the railroad organizations in this country, that is the engineers, the trainmen, the shopmen, the maintenance of way employees and so on; and I do not know of any organization that could do a better job for the protection of the veterans of this war than those organizations. They have a background of fifty years of experience.

Mr. CASTLEDEN: I do not know whether the case has been finally settled. The last I heard it was being placed before the company for adjustment, and I understood the Department of Labour was assisting.

Mr. MITCHELL: Oh, absolutely.

Mr. CASTLEDEN: Has the case been settled, and if so what is the settlement?

Mr. MITCHELL: I do not know the particular case to which my hon. friend is referring. Here we have had 175,000 people—

Mr. CASTLEDEN: You said there were only two complaints.

Mr. MITCHELL: Let me say this to my hon. friend, and I have made these observations previously. This is not the place to discuss cases; here we should discuss principles. If the hon. member will give me the names of the individuals I shall be glad to get the information for him, and he can rest assured that they will get justice.

Mr. DIEFENBAKER: I should like to ask a question in regard to this whole matter of employers, in so far as the employer is the government of this country. I refer particularly to two branches, the penitentiary service and the Royal Canadian Mounted Police. In the penitentiary service numbers of employees resigned for the purpose of enlisting for overseas service, and went overseas. During their absence their positions were filled by temporary employees. When these men return my information is that they are refused reemployment because they chose to serve in the armed forces of their country instead of remaining in their civil duties.

The other example I should bring to mention is that of the Royal Canadian Mounted Police. This matter has been up on more than one occasion, and I take this opportunity to bring it to the attention of the minister. Men who were in the mounted police, instead of continuing in that organization, saw fit, because of the call which came to them, to go overseas. Some of them upon their return are being refused reemployment. In any event if they do secure reemployment they are penalized in various ways. Surely the government and the people of Canada should give a lead in the matter of showing consideration to those who served, and should comply with the law to an extent no less than is required by private employers.

Mr. MITCHELL: I shall be glad to bring this to the attention of the Minister of Justice, whose estimates are still to come before the committee. It will be noticed that this bill deals only with reinstatement in civil employment.

Mr. FULTON: I should like to ask a question respecting section 14, and in doing so would support what has been said by the hon. member for Lake Centre. My particular reference is to employees who are in the service of the House of Commons. Certain cases have come to our attention showing that, whereas it is true enough that those involved were reinstated or reemployed, the question has arisen whether they have been put back in the positions they would have occupied had they not joined the forces. In other words those who now have the employment appear to have a preference over the returned veterans. The particular case I have in mind has been adjusted by the man's leaving the service of the House of Commons and going to work somewhere else. Therefore I shall not deal with that case in detail. Other hon. members have mentioned to me the facts surrounding certain other cases. It would seem therefore that there have been times when the House of Commons has not complied with the intent of the measure. I should like to ask the minister to make sure that in respect of employees of the House of Commons particularly we should live up to the spirit of the measure and what was in the mind of the government and of hon. members when the order in council was passed from which this measure has come.

Mr. MACKENZIE: I say at once that I appreciate the remarks of the hon. members for Lake Centre and Kamloops. Might I point out that both the Minister of Labour and I happen to be old sweats, and anything in the world that can be done for the veterans will be done.

Mr. FULTON: I have just this observation to make: I am sure something will be done if it is brought to the minister's attention. But

I realize he cannot know everything. Perhaps if occasionally he would take a look around and see what is going on, it might help.

Mr. MITCHELL: If my hon. friend has any cases, let us have them.

Mr. DIEFENBAKER: I appreciate what has been said by the Minister of Veterans Affairs, and I am sure that the minister and hon. members on this side of the house who have raised the question desire that all their comrades should receive proper attention. But they are not receiving it; that is the point. They are not receiving it in the penitentiary service, and they are not receiving it in the Royal Canadian Mounted Police.

Mr. MACKENZIE: Will my hon. friend permit me to interrupt? If the hon. member himself or the hon. member for Kamloops would bring to my attention any cases in which they think there has been injustice, I will follow them up.

The ACTING CHAIRMAN (Mr. Golding): Order. I would remind hon. members that penitentiaries employees and members of the Royal Canadian Mounted Police were considered when the estimates of the Minister of Justice were before the committee.

Mr. DIEFENBAKER: No; with the greatest of deference, they were not fully discussed. The point I make is that if we in parliament pass a measure requiring civilians to grant certain considerations to returning veterans who were formerly in civilian employment, the government ought to carry out those provisions with equal diligence.

Mr. MACKENZIE: Will the hon. member accept my assurance that we will definitely follow out the suggestion which he and the hon. member for Kamloops have made?

Mr. DIEFENBAKER: Yes.

Section agreed to.

Section 15 agreed to.

On section 16—Powers of reinstatement officers.

Mr. GILLIS: I was in the industrial relations committee and could not be in the chamber when section 10 was discussed. With the permission of the committee I should like to say a few words on that section. What I have to say affects only Ontario. I am not quarreling with the measure, because it is clear and gives the administration and employers considerable latitude.

In Ontario there is a statutory limitation in respect of the provisions concerning vacations with pay. Under the provisions of the Ontario Hours of Work and Vacations with Pay Act the soldier who comes back is to be reinstated in his former employment. The arrangement respecting vacation with pay in this province is fixed by statute, and it states that all the employer can pay the soldier going on his vacation is two per cent of his earnings during the time he has been employed. A soldier coming back who has had only ninety days employment and receives vacation with pay would receive only two per cent of the amount he earned in ninety days. The result is that he goes on vacation with a very small amount of money. Many of them want to take only a day or two, but the vacation is mandatory. The result is that they are going on vacations without pay. This condition is peculiar only to Ontario.

Mr. MACKENZIE: Is that our fault?

Mr. GILLIS: No, it is not your fault; it is the fault of the Ontario legislature. This is the only province in which that limitation prevails respecting vacations with pay. If it were in Nova Scotia, and a man were to go on vacation who had worked only two or three weeks, he would get his full vacation with pay. There has been considerable correspondence back and forth. I have received many letters from veterans in Ontario asking if something cannot be done under the federal act, or some representations made by the federal to the provincial government in Ontario with a view to working out an arrangement such as they have in the other provinces.

Mr. MITCHELL: I shall be glad to make those representations.

Section agreed to.

Sections 17 to 23 inclusive agreed to.

Bill reported, read the third time and passed.

IMMIGRATION ACT

AMENDMENTS FOR PURPOSES OF CONFORMITY WITH CANADIAN CITIZENSHIP ACT

Hon. J. A. GLEN (Minister of Mines and Resources) moved the second reading of bill No. 367, to amend the Immigration Act.

Mr. GREEN: Will the minister make an explanation on the second reading.

Mr. GLEN: The reason for this bill is that under the Canadian Citizenship Act which is now in force certain provisions are made which conflict with the provisions of the Immigration Act, and these amendments are necessary to bring the Immigration Act into conformity with the Canadian Citizenship Act. There are no changes of major importance. There is a redrafting of certain provisions to make them clearer, and when we deal with the bill sec-

tion by section hon. members will see exactly the changes that are made. There is also the elimination of one part of a clause made necessary by the passing of the Canadian Citizenship Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Golding in the chair.

On section 1—"Canadian citizen."

Mr. GLEN: This proposed amendment furnishes a new definition of the term "Canadian citizen" to conform with the Canadian Citizenship Act. Until the passing of the Canadian Citizenship Act, the only definition of a Canadian citizen in the statutes was that provided in section 2 of the Immigration Act. By paragraph (b) of this section a British subject who acquired domicile became a Canadian citizen, and such status was relinquished by loss of domicile. Further, a person naturalized also became a Canadian citizen but lost such status on relinquishing domicile. Under section 20 of the Canadian Citizenship Act, a Canadian citizen other than a natural-born Canadian citizen ceases to be a Canadian citizen if he resides outside of Canada for a period of at least six years, unless his certificate of citizenship or passport is endorsed by the officer in charge of a consulate that the person concerned has established that his absence from Canada is of a temporary nature, and that he intends to return to Canada for permanent residence. Since Canadian citizens are admissible to Canada as a matter of right, it is necessary to have the same definition of what constitutes a Canadian citizen in the two acts.

Mr. GREEN: What is the effect of this bill on the British subject who comes to Canada and does not become naturalized under the Canadian Citizenship Act? Under the Immigration Act as it now stands he would become domiciled here after five years for the purposes of the Immigration Act; but now with these amendments he will not do so unless he becomes a Canadian citizen. Is that not right? In other words, we are taking away some of the rights of a British subject from the other parts of the commonwealth.

Mr. GLEN: No; the position is just as it was, and he acquires domicile in the same manner as before. We are taking away no rights at all from a British subject.

Mr. GREEN: Does the British subject who comes here, let us say, from Australia not have to take out naturalization as a Canadian in order to acquire domicile in Canada under the Immigration Act as it is now proposed to be amended?

Mr. GLEN: No, he does not.

Mr. GREEN: How can he acquire domicile under the Immigration Act as it is to be amended?

Mr. GLEN: By five years' residence after legal landing in Canada he acquires domicile and becomes a Canadian citizen.

Mr. WRIGHT: Has that always been so?

Mr. GLEN: Yes.

Mr. GREEN: Surely the minister is confused when he says that he can acquire domicile and yet not become a Canadian citizen. The procedure for becoming a Canadian citizen is a new procedure which has just been enacted this year in the Canadian Citizenship Act. The case I referred to was that of a British subject who comes here from Australia but does not take out naturalization under the Canadian Citizenship Act. You are now changing the Immigration Act so that that man cannot acquire domicile in Canada at any time unless he becomes naturalized.

Mr. GLEN: By five years' residence in Canada the British subject my hon. friend refers to will acquire domicile now, but does not become a Canadian citizen.

Mr. GREEN: Under what section?

Mr. GLEN: Under section 2(e) of the Immigration Act, which says:

> "domicile" means the place in which a person has his home or in which he resides, or to which he returns as his place of permanent abode, and does not mean the place where he resides for a mere special or temporary purpose.

That is the same definition exactly in the new act. Then paragraph (e)(i) provides:

> Canadian domicile can only be acquired, for the purposes of this act, by a person having his domicile for at least five years in Canada after having been landed therein within the meaning of this act.

So that the British subject to whom my hon. friend refers, being landed within the meaning of the act and residing here for five years, would acquire domicile.

Mr. GREEN: But the bill strikes out paragraph (e) and substitutes a new paragraph.

Mr. GLEN: Yes, we are changing that, and my hon. friend will find when we come to the new clause dealing with Canadian domicile that we have redrafted that long paragraph in order to put it in better form from a draftsman's point of view. We are repealing the present paragraph (e) but retaining the first portion dealing with Canadian domicile.

Section agreed to.

Sections 2 and 3 agreed to.

On section 4—Rules re the acquisition and loss of domicile.

Mr. FULTON: With reference to 2A(a), is a person required to have Canadian domicile before he has the vote, or is the vote just a matter of residence?

Mr. GLEN: It is just a matter of residence for the period required under the elections act.

Section agreed to.

On section 6—Persons leaving Canada to assist enemy.

Mr. FULTON: I should like to know the purpose of section 6(3). I cannot understand why a person who during the war left Canada to fight for an enemy country or for the ally of an enemy country should now be allowed to enter Canada. What is the purpose of this amendment?

Mr. GLEN: The only purpose is to change the act with regard to a Canadian citizen. It prevented his reentry into Canada if he had gone to a foreign country and had fought with an alien enemy. This amendment refers not to Canadian citizens but to persons other than Canadian citizens. A Canadian citizen who has done as has been suggested is still a Canadian citizen and is always admissible to his own country when he comes back. However, when he does get back he will be subject to the penalties that are imposed upon him by the courts. The section reads:

> A person to whom subsection 3 of this section applies may be prosecuted for any offence of which he may be guilty and shall be liable to undergo any punishment imposed on him pursuant to the said prosecution before he is deported.

The reason is that the Canadian citizen who went abroad had no country if the former section still stood; a Canadian citizen always has the right of admission into this country but he would be subject to the laws for what he had done.

Mr. FULTON: It says, "except with the permission of the minister, no person other than a Canadian citizen" may come back. Is it the intention to give them permission to come back and then punish them?

Mr. GLEN: That is the intention, yes. Cognizance will be taken of the fact and the authority for these men to come back will be the permission of the minister.

Mr. GREEN: Let us get down to cases with regard to this section. Take a Japanese born in Canada who went to the orient and fought in the Japanese army—

Mr. MACKENZIE: He would not be allowed in British Columbia, I can tell you that.

Mr. GREEN: The Minister of Veterans Affairs might not want him in British Columbia, but we are amending the Immigration Act so that he can come back.

Mr. FULTON: If the minister gives him permission.

Mr. GREEN: Canadian citizens are excluded from this section. According to the explanatory note, the section previously read:

> No resident of Canada, whether he is a Canadian citizen or not . . .

Such a man who goes abroad and fights against us has no right to come back. We are now opening the door deliberately by amending this section, allowing the man born in Canada who went and fought against us to come back to Canada. It is contended that we would then have the right to punish him, but we do not want him back at all.

Mr. MACKENZIE: Shoot him.

Mr. GREEN: He should not be allowed back at all, and I cannot understand why the Immigration Act should be opened up in that way.

Mr. GLEN: There is a power of revocation under section 21 whereby the governor in council may order that any person other than a natural-born Canadian citizen shall cease to be a Canadian citizen if, upon report from the minister, he is satisfied that such a person has fought on the enemy side. There is that power of revocation in the minister. The only change that is made here is that the Canadian citizen who has always the right to return to his own country may come back to this country, but that matter would have to be brought before the minister to inquire into and, I presume, take whatever steps were necessary in the circumstances. Meantime, under section 21 of the Canadian Citizenship Act there is the power of revocation.

Mr. GREEN: I do not think there is that power in the minister with regard to a person born in Canada. I would urge upon the Minister of Veterans Affairs that he give careful consideration to this section.

Mr. MACKENZIE: As to the man mentioned by my hon. friend, would he not be a Japanese national?

Mr. GREEN: As my hon. friend knows, many of these Japanese are both Japanese and Canadian. Here is a Japanese born in British Columbia who goes back to Japan and fights with the Japanese army. After the war is over, he cannot get back the way our Immigration Act reads because he has fought against us. But we are being asked

deliberately to change the Immigration Act so that he can come back because he was born in Canada. That is not right.

Mr. MACKENZIE: I agree entirely with my hon. friend.

Mr. GREEN: I suggest that the words "other than a Canadian citizen" in the second line should be struck out. The section would then give the minister discretion to let people in, but it would not provide automatic entry to anyone who was born in Canada. That is exactly what it means now.

Mr. MACKENZIE: If it means that, I am against it.

Mr. REID: So am I.

Mr. FULTON: So are we all.

Mr. GLEN: A Canadian citizen has an inalienable right to return to this country.

Mr. GREEN: We do not think a man like that has an inalienable right or any other kind of right to come back to Canada. I think the minister is admitting that my submission is correct.

Mr. GLEN: I have not said so.

Mr. GREEN: The minister said that the man born in Canada who went to Japan to fight against us has a right to come back to Canada, that nobody can stop him because he was born in Canada. I would move that the words "other than Canadian citizen" be struck out of the second line of subsection 3 on page 3 of the bill.

Mr. GLEN: I cannot agree to that.

Mr. MACKENZIE: If you will read the section you will find that he cannot come back except with the permission of the minister.

Mr. GREEN: That is the law as it stands to-day, but when this change is made the person born in Canada will be exempted from that provision. The new subsection reads:

> Except with the permission of the minister, no person other than a Canadian citizen, whether he has Canadian domicile or not, who during any war in which Canada is engaged leaves Canada to perform any military or other service for any country then at war with Canada or for the purpose of aiding or abetting in any way the enemies of Canada, shall be permitted to land in Canada or to remain therein.

Mr. REID: That means that the Japanese who was born in British Columbia can return.

Mr. GREEN: He does not require any permission; he has the automatic right to come back.

Mr. MACKENZIE: I must assert my right as a private member and disagree with the language of this amendment as proposed. I agree entirely with the hon. member for Vancouver South. I did not think anyone who has gone to Japan to fight against us should be allowed to come back to Canada, even with the consent of the minister.

Mr. GLEN: Section 18 of the Immigration Act contains the following proviso:

> Provided always that Canadian citizens and persons who have Canadian domicile shall be permitted to land in Canada as a matter of right.

That is a principle that has been recognized throughout the years, and I think I am correct in saying that the section that we propose to amend was inserted in 1914 during the war when there was fear of people going abroad and entering the war against Canada. The right to citizens to return has always been a provision in the Immigration Act.

Mr. FULTON: Were there not means by which these persons could lose their Canadian citizenship, such as going abroad to fight against the country?

Mr. GLEN: Persons who are abroad for one year with the intention of remaining abroad, and without having their citizenship established, lose their right of citizenship, apart from Canadian-born citizens. The permission of the minister is now required for any person, in the category we are now discussing, to come back, but that principle of law still applies, namely, that a national, a natural-born Canadian subject, has always the right to return to the country of his origin, and if he is a criminal against the laws of the country the law will punish him for the acts he has committed. That is the only intention in the amendment that is before us.

Mr. KNIGHT: I rose before and suggested that we should leave the Japanese out of the question, because I think we can discuss these matters more calmly if we leave particular cases out of consideration. In this case the persons in question were enemies of the country. I would ask the hon. member for Vancouver South where he would suggest that a Canadian citizen, who is now resident in another country and who is considered undesirable in that country, can go if his own country will not accept him. Before the hon. member answers that question, may I say that I would be a little careful about granting Canadian citizenship, but once it is granted I think it should be irrevocable. I suggest that we should be prepared to take the res-

ponsibility for our own mistake. This man has to have citizenship somewhere, I do not care whether he is in Japan, France or anywhere else; and if he is thrown out of that country, what will you do with him if you do not admit him here? Let us take our responsibilities as Canadians, and if the man is a criminal let us punish him as a criminal. But let us not dodge our responsibility by having him hounded from country to country over the face of the earth. That is my position.

Mr. GREEN: The hon. member has asked me a question, and I will give him my answer. I would not spend any time worrying about a man who went from Canada and fought against us, no matter where he may be. He has no right to come back here, and if we allow him to come back we are crazy. That is the kind of sloppy sentimentality that has got us into a lot of trouble in the past and it is about time we woke up.

Mr. MACKENZIE: One has already been shot for treason, born in British Columbia, and the other is now being tried for treason.

Mr. KNIGHT: I deliberately appealed to the minister and to the hon. member for Vancouver South to leave out of this argument that particular question of someone who has fought against us.

Mr. GREEN: But that is what the section deals with.

Mr. KNIGHT: If a Canadian citizen is not considered desirable in another country, where will he go except to his own land, the land of his adoption? We have a responsibility regarding that man. The hon. member for Vancouver South said that we should not worry about him, but he was good enough to be given certification of citizenship in this country and to me that means something. It is not simply a scrap of paper to be torn up at the will of any particular government that happens to be in power or at the whim of a particular government that happens to be in power when the country is at war temporarily. Our friends of to-day, I would point out, are our enemies of to-morrow, and that works in reverse. I say, however, once a Canadian citizen, always a Canadian citizen. I am proud to be a Canadian citizen; I want to remain a Canadian citizen, and for the same reason I want to take my medicine as a Canadian citizen if I violate any Canadian law. But where shall I go if I cannot go to my own country?

Mr. MACKENZIE: Go away.

[Mr. Knight.]

Mr. KNIGHT: That is all very well, but where to? I should like to have that question answered if my hon. friends will leave aside for the moment these hatreds engendered by war.

Mr. REID: We shall always have trouble in regard to this question so long as we refuse to face up to the situation. For many years now I have propounded this question in the House of Commons: Can a man be a citizen of two countries at one and the same time?

An hon. MEMBER: No.

Mr. REID: Then I would say, put him on a spot and say, "In God's name, to which country do you owe allegiance?" If he says Japan, then what compunction should we have? I am taking the hon. gentleman's argument as he has stated it. He says, once a citizen, always a citizen. But if a man says, "I owe allegiance to Japan or to Russia," what compunction should we have about taking his Canadian citizenship away from him? I do not wish to deprive him of his citizenship, and I may say that my attitude toward the Japanese is not one of bitter hatred. But why do they not come out and say, "I was born in this country and I am a Canadian"? As I say, I have propounded that question here for many years. I put it to the civil liberties league of Ottawa and so far they have refused to answer it. If an answer can be given to this dual citizenship question, in heaven's name let me have it.

Mr. FULTON: Leaving the Japanese out of it for the moment—

Mr. MACKENZIE: British Columbia on the march.

Mr. FULTON: I would point out that there are many other rights which we in this party have always regarded as inalienable, which we have inherited, and which the C.C.F. would have no hesitation in taking from us. They do not mind if we set up boards, and we had an example yesterday.

The ACTING CHAIRMAN (Mr. Golding): Order.

Mr. FULTON: Well, Mr. Chairman, we are discussing rights of citizenship, and there is not only one inalienable right which we have as citizens of Canada. May I point out that Canadian citizenship is not only a right but a privilege, and further, that every right carries corresponding duties, so that if you do not live up to those duties you should have the right taken away. If you go abroad and fight against your country you forfeit your right of citizenship and it should be taken from you. I do not see how the hon. member can put his

question under this section and expect to have it answered. This section deals with those who fought against us, and his question would have more force if his party would show some interest in, and regard for, some of the rights which the rest of us have always regarded as inalienable.

Mr. GREEN: I would point out to the hon. members that the explanatory note to this section states: "The repealed paragraph reads," and then it proceeds to list "(3)." But actually there is no such number in the Immigration Act. That is a mistake.

Mr. GLEN: It has been omitted in the copy the hon. member has. That is an office copy.

Mr. GREEN: There is an express provision in the Immigration Act which I will read.

Mr. REID: It has been there for years.

Mr. GREEN: It reads:

No resident of Canada, whether he is a Canadian citizen or not, and whether he has a Canadian domicile or not, who leaves Canada to perform any military or other service for any country then at war with His Majesty, or for the purpose of aiding or abetting in any way His Majesty's enemies, shall be permitted to land in Canada, or remain therein, except with the permision of the minister.

That is an express provision which, I submit, overrides the wording in section 18.

Mr. MACKENZIE: Why not strike out the last six words?

Mr. GREEN: As I say, we have an express provision in the law as it now stands, and the Minister of Mines and Resources comes along with an amendment to take away that power in so far as a person who is a Canadian citizen is concerned. He says so in the explanatory note, wherein it is stated that the first of these paragraphs has been revised to exclude Canadian citizens. The very explanation proves my case, and I submit that the words "other than a Canadian citizen" should be deleted. I so move.

Mr. GLEN: The effect of the amendment moved by the hon. gentleman is to bring us back to the former subsections 3 and 4 which are to be revised. It is apparent there is a strong feeling that the former sections cover what is desired by this committee. I would not wish to impose my own wishes upon the committee except to say to the hon. gentleman who has spoken that with regard to a citizen born in Canada; no matter what he does in Canada, if he goes abroad and fights against our own country he is a man practically without a state. He is in that category. He would have to be returned to somewhere, and the only place to which he could come naturally would be to the place of his birth, which is Canada. He could be deported from that country to Canada.

Mr. GREEN: The way the law reads now he could not be deported here.

Mr. GLEN: It is giving to that national what I think is his inalienable right to return to the country of his birth, for he has no other place.

Mr. FULTON: He can come in now with the minister's permission.

Mr. GLEN: The provision of the former subsections 3 and 4 read as follows:

. . . shall not be allowed to land except with the permission of the minister.

There is that discretion. It is intended only to give the right to a Canadian-born. That was the intention of the act, but all other persons were excluded from the act. The act was to remain as it was formerly. The deletion of section 6 would mean that we would come back to what has been the law of the country, and I am not going to make any objection to it. We are willing to accept the amendment of the hon. gentleman and drop section 6 from the bill and number the remaining sections accordingly.

Mr. GRAYDON: I do not desire to prolong the discussion on this bill, but a question was raised by the hon. member for Saskatoon City to which there is a proper answer which has not been given to the committee, namely, that if one of our own citizens fights in the army of another country opposed to us it is not a question of his not having a nationality or no rights as a citizen, because when he fights in that army against us he takes the oath of allegiance of the country with which he was fighting, and that is the country to which he must belong. I think that answers the whole question. He does not belong to us; he belongs to them.

The ACTING CHAIRMAN (Mr. Golding): With reference to the motion of the hon. member for Vancouver South may I say that a ruling was made yesterday on a similar amendment. At that time it was held that the amendment was out of order.

Mr. MACKENZIE: We can refuse to carry the section.

Mr. GREEN: That is the same thing; that satisfies me.

The ACTING CHAIRMAN (Mr. Golding): We want to have it right.

Deletion of section 6 agreed to.

Sections 6 and 7 as renumbered agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

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

DEPARTMENT OF PUBLIC WORKS

Chief engineer's branch—
296. Branch administration, $245,100.

Mr. REID: We have been doing very well to-day, and I think we had better take a breather for a minute or two to discuss some of these estimates. I have one or two other matters that I wish to discuss on this item because it is the only item on which I think I can discuss what I have in mind. What are the intentions of the department in regard to Ripple Rock? I know that this is a troublesome matter. It is a matter on which a great deal of money has been spent, but I wish to draw the minister's attention to one striking feature in regard to the carrying out of this work which I think has not so far been brought to his attention. Ripple Rock has been the bane of navigators for many long years. When the war commenced it is my information that the United States offered to take out this rock, but for reasons which are commendable we intimated that we would take it out ourselves. We did not say it in those words, but we had that national pride in ourselves which is commendable. Steps were then taken to take out the rock. A model was built at the university of Seattle to test out the tides and the effect of water and the best procedure to be followed in the removal of the rock. Alongside the model was a model constructed for the international Pacific salmon fisheries commission. Since I was down there doing work in regard to the commission I naturally visited the model of Ripple Rock. I said to the man in charge: "Your model of Ripple Rock did not turn out very satisfactorily." I was astounded when he said to me: "Mr. Reid, the trouble was that either the department or the contractor paid no attention whatsoever to the results of our findings." I said: "Why would they have doubts of your findings?" He said: "They have not had much experience in models," and owing to the fact that in the model they had been using small thread the contractor and I think some of our engineers were of the opinion that because it was thread it did not give a proper recording of what the actual work would be or the dangers of the work when they undertook it.

I should be glad if the minister would make a statement, because I am particularly interested in this matter from several points of view. I think of the United States wanting to take it out, and of Canada refusing. I know great sums of money have been expended there, but surely we are not going tacitly to say to the United States, "Well, you would have taken it out. We thought we could, but we did not." I am going to urge upon the minister that the whole matter be looked into again, in the light of the work done on the model in Seattle. If he investigates I believe he will find that the reports concerning that work were ignored to a large extent. According to the information I have been given, they simply refused to believe that the work on the model would have any bearing on the actual work when it was undertaken. That is my first question. I have one or two to ask, and I should like the indulgence of the committee to allow me to conclude with my questions.

Hon. ALPHONSE FOURNIER (Minister of Public Works): In my estimates this year there is no item concerning any work on Ripple Rock. The moneys expended were voted in previous years, and I have not with me the complete file concerning the matter, so that to a certain extent I shall have to rely upon my memory in giving the facts to the committee.

In 1941 naval ships of the United States and Canada were travelling in Seymour Narrows, and there was some discussion as to the possibility of taking out Ripple Rock. The Canadian government did make a war appropriation in the amount of $250,000, as I recall it, to commence this work. We called for tenders, and had a tender from one company who commenced the work; but after expending the $250,000 they had absolutely no success beyond building the scow which was used to try to drill into the rock. They had adopted the method of anchoring the scow in order to drill from it; but the currents and tides were such that they could not do any drilling, so at the end of that season they had to cease work. The next year we again asked who would undertake this work, but could find no one to make a firm bid. We came to an arrangement with one company, I believe it was the British Columbia Bridge and Dredging company, to undertake the work for a fee of $35,000, with this government paying the expenses. This was during the war. They changed the method of dealing with the scow. They put up cables over the straits and tied the scow down in order that the drilling could be carried out. They did drill about 122 holes

from five to six feet deep, and of that number I believe they blew up something around 80 holes. That was only the first layer they were trying to take off. But when it came to dredging this rock which had been blown off, they could not devise any means of clearing it away, and up to the present time no one else has been able to devise any method of dredging even that part which was blown off.

Then we turned around and made an offer to the same company, asking them to give us a definite estimate as to what it would cost to bring the channel down to about thirty-one feet. By that time I may say we had expended $802,825.47, and, if I remember correctly, that company did give us an estimate. They started at $1,200,000, and then it went up to $1,800,000 to complete the work; but they would not give us a guarantee that they could do it even on the firm price they gave us by correspondence. We were prepared to guarantee that over and above that firm price we would be ready to pay fifty per cent of any additional cost if they could find some insurance company that would guarantee payment of the other fifty per cent. I believe they did look around, not only in this country but all over the world, for some company that would guarantee this payment, but they could not find one.

At last the most rabid proponents of taking away Ripple Rock had to throw up their hands. We are trying to devise some way to help navigation there. On one side of the rock there is a channel of about 1,300 feet and on the other side a channel of five or six hundred feet, and we have had contradictory opinions as to the navigability of those two streams. Actually if the government could have found somebody to undertake the work at an exact or even approximate cost, so that we would know where we were going, we would have had the work done. The best engineers were consulted. My own deputy minister was in Washington and New York to meet their experts, but as yet no method has been found which would promise success. Perhaps if we stayed on the job for another five or six years and spent a million or so a year we might find a way of doing it, but right now the government hesitates to start this work unless we can find some means which will offer a reasonable hope of success. Speaking from memory, I recall attending meetings where this matter was discussed, and the general opinion seemed to be that the cable system was the best method of stabilizing the scow in order to drill the holes, but that did not succeed.

Mr. GREEN: They did get eighty holes drilled.

Mr. FOURNIER (Hull): Yes, but to a depth of only five or six feet; and to get down to thirty-one would mean they would have to repeat that process four or five times. But we could not blow up any more of that rock before clearing out what had been blown up early in the work, and up to the present no one has found a way of doing that. I am told that the cable system was successful at that level, but that they did not have much hope of being able to drill to the required depth. I must say that if my department had succeeded in removing Ripple Rock it would have been extremely proud of the feat; it would have been known all over the world, and the engineers doing that work would have become outstanding men, not only in Canada but elsewhere. Within the last six or seven months I have not received any further requests concerning this work, because it seems to be agreed that unless we can find the proper method we should not be simply spending money. We have put nearly a million dollars into this work to show our good faith. We went all over the place consulting people, trying to get advice and help. No responsible firm seems to wish to undertake this project unless we keep them working without knowing exactly what results we shall get and what will be the cost to the people of Canada. On the other hand, the engineers of my department are still studying the matter to see if they cannot find some way of proceeding. The first method, of simply anchoring the scow, was not a success. The second method, using cables, did bring certain results. Other scientists are studying the rock to see whether by the tunnel process we could not get under the rock and blow it up. The last time I heard any discussion about this matter, someone said the rock was not of the proper formation in order to tunnel under it and blow it up. It has been suggested that cement caissons be used to take the water out. But nobody has said we can get the caissons on this rock to proceed with the work. My advisers have not any method which will assure the government that we would not be spending this money uselessly.

Mr. REID: I take it that it is not the minister's intention to drop this project.

Mr. FOURNIER (Hull): No; it has been discussed for years.

Mr. REID: May I say to him and to his engineers that I have received some information about Seymour Narrows. I doubt if it reached the department, but it should reach the department and I will place it on record now. One of the contractors interested in

obtaining the work spent considerable of his own time in a rowboat on Seymour Narrows making tests of the tides, for his own information, looking to the day the contract would be given him. He informed me that he was more than astounded to learn from practical experience that there were at least from eight to ten days when slack tides lasted for twelve hours, and his suggestion was that the work be carried on only on those days when the tides are slack, and that the work be left when the tides are racing through, the condition when the work was attempted by the British Columbia Bridge and Dredging company.

Anyone who has ever seen them at work knows that a contractor could hardly get men to stay on a dredge, so great were the noise and tension of those cables holding the work scow in place.

I am suggesting to the minister that, principally in view of the fact that this is a menace and will ever remain so to navigation, and again owing to the fact that we refused the United States the right to take it out—

Mr. FOURNIER (Hull): No.

Mr. REID: The information was that the United States wanted to take it out, as a war project.

Mr. MACKENZIE: And that is correct, too.

Mr. REID: The United States said, "We will take it out if you will leave it," and we said no. We took considerable pride at that time and told the United States that we would look after our own affairs—perhaps not in those words, but that was what they meant. Are we now going to say, "You could have taken it out, but we cannot do it. Just forget about it." I say we should have more pride than that.

An hon. MEMBER: Who said that?

Mr. REID: I do not know who said it, but whoever carried on the negotiations between the two governments said it.

Mr. FOURNIER (Hull): I can tell my hon. friend that I have studied the files from the first page to the last, and there is not a single document stating that the United States government would undertake this work. There was a discussion about it, as to whether it was advisable whether it be done for the protection of naval vessels, warships, during war time.

Mr. REID: I do not think that would come before the Department of Public Works.

Mr. FOURNIER (Hull): It came before the war committee of the cabinet.

[Mr. Reid.]

Mr. REID: Probably the minister is quite correct when he says his files do not have that entry. But we had it definitely stated to us from Ottawa that that suggestion had been made by the United States government. Certain ministers made the statement that the offer had been made by the United States government to Canada to take out that rock, because military vessels had to go up through Seymour Narrows on their way to Alaska, and they were afraid of it.

We said no to the United States government, and we were probably right in having said that. But I think pride in our country should make us put forth a great effort to take out that rock, after further survey has been made along the lines I have suggested.

Mr. GREEN: There is no doubt that this is a difficult engineering problem, but I am afraid that the department has more or less given up hope. The minister spoke this afternoon to the effect that if someone could find a way to remove the rock the government would be glad to step in and do it.

But the position is that the government must find the way. We cannot expect a private individual to find a way to remove that rock; it is up to the government to do it; because the situation is so very serious. It has been discussed at considerable length in editorials; this is from an editorial which appeared in the Vancouver *Sun* of February 27 of this year:

> Ottawa has been crowding its luck ever since its own royal commission reported in 1931 that the existence of Ripple Rock in the main channel of coastwise shipping through Seymour Narrows constitutes "an ever present possibility of a major accident involving great loss of human life."

It would just take one good wreck to lose probably a good deal more than a million dollars.

Mr. MACKENZIE: One was lost last year.

Mr. GREEN: One of the government's own ships was wrecked.

Mr. FOURNIER (Hull): We lost men there doing that work.

Mr. GREEN: One of your own ships was lost.

Mr. FOURNIER (Hull): It was a government ship.

Mr. GREEN: A government survey ship which was used last year.

Mr. REID: Why not use a small atomic bomb?

Mr. GILLIS: It would kill the fish.

Mr. GREEN: The minister has said that the plan being used was not practical. However, again I quote from the Vancouver *Sun* this time the issue of May 2 of this year which states, as a heading, "Ripple Rock plan proved practical." This is a dispatch dated at Victoria, stating:

Removal of Ripple Rock, dangerous hazard to navigation in Seymour Narrows, has been proved feasible from an engineering standpoint—

Mr. FOURNIER (Hull): Who says that?

Mr. GREEN:

—K. W. Morton, district engineer for the Department of Public Works, told the second annual conference of the Pacific Northwest Trade Association here to-day.

Mr. FOURNIER (Hull): What date was that?

Mr. GREEN: May 2 of this year, and this is a statement by one of your own men.

Mr. MACKENZIE: And one of his best men, too.

Mr. GREEN: The dispatch goes on to say:

Discussion of the Ripple Rock problem was the initial subject on the agenda after the conference was opened this morning by Lieut-Governor W. C. Woodward.

It goes on to say:

Mr. Morton estimated it would take 34 months' work to remove the top of the rock under the system used by the B.C. Bridge & Dredging Co. This is the company which did all the experimental work that was finally stopped by dominion order when funds ran out.

"The method has proved workable," Mr. Morton said, "most of the problems connected with it have been ironed out. Any of the other more complicated schemes would require a great deal more experimentation and loss of time."

He was referring to the method of anchoring the drill barge over the rock with overhead cables attached to the two shores of the channel.

Cost of the work is estimated at $1,900,000. It is expensive because of the overtime involved for crews and the fact that actual drilling can only be done at ebb tide.

Summarizing the work done, he said 139 holes were drilled, a total of 717 feet. Of these 93 were blasted.

This is the minister's own engineer.

The other 46 were not blasted because of broken drills or other causes. Deepest hole drilled was 15 feet—

Not eight, as the minister said.

—and the average 5·7 feet.

There was complete control over the barge and the experiments definitely showed Ripple Rock can be blasted by this method, he said.

There is the evidence from within the minister's own department. I suggest to him that this scheme should not be dropped.

Mr MACKENZIE: Hear, hear.

Mr. GREEN: If there were a rock like that in the St. Lawrence it would have been moved decades ago.

Mr. MACKENZIE: Hear, hear.

Mr. GREEN: But it is out on the Pacific coast, a long way from Ottawa. People out there cannot keep pressing for something to be done about it all the time. This is of vital importance, not only to Canada but to the United States, because the bulk of their shipping to Alaska goes up past that rock. I submit it is a tragedy that this plan should be dropped by the federal government at the present time. There will be a real disaster out there one of these days; possibly a passenger ship will be lost, with several hundred lives. Then there will be greater responsibility on the government, if the work is not proceeded with.

That rock must be moved. The departmental officials cannot just sit here, fold their hands and say, "It's too bad, but we cannot get anything done."

Mr. MACKENZIE: Mr. Chairman, twice in one day I find myself in strange company—

Mr. GREEN: Good company.

Mr. MACKENZIE: —agreeing with the hon. member for Vancouver South. If I might be permitted to divest myself of the mantle of ministerial responsibility, I must say that I agree with every single point he has made. We have there a definite and positive menace to navigation and to the safety of the lives of the people who go up north and come down south. I have quarrelled with the department, and my correspondence will so prove, over its lack of attention to this problem, and speaking for the moment as a private member from Vancouver Centre I can join with the hon. member for Vancouver South and say that British Columbia insists and will insist upon the removal of this menace to safe navigation. We are far away in British Columbia, and very often we are the forgotten people. But if the members from British Columbia will join together—

Mr. REID: Do not forget I started this.

Mr. MACKENZIE: I know you did. If the members from British Columbia will join together we can compel a solution of this problem. We are not going to allow the effete policy of any department to thwart what is a necessary improvement in our province in regard to the removal of Ripple Rock. If the engineers are not able to find a solution, we should find other engineers. If the public works department is not able to

solve the problem, we should find another department or an independent commission or committee which will solve it and remove this menace to the security of our people. Last year we lost a ship there costing a million dollars. The security and the safety of the lives of the people of British Columbia are menaced every day and every night by this navigation menace. The problem is being tackled only in an anaemic and effete way. Support has not been given to the contractors, and I know why. There is a definite responsibility on the officials of the Department of Public Works to try in every single possible way to solve this problem and to start in to do it. I know it to be practical. The members from British Columbia, regardless of politics and party, are united in this thing; we are determined in this thing, and we shall see it through.

Mr. PEARKES: Since this rock is only a few miles outside of my constituency I should like to add my comments to what has already been said and my endorsation of the appeal that has been made to have this menace to navigation removed. Only last week I sent to the minister's department a suggestion that I received from a practical engineer and master marine on the Pacific coast as to a new method by which perhaps this rock may be destroyed. I hope that the minister will have his engineers investigate that method and see whether it can provide a practical solution through removing this dangerous obstacle.

Mr. LANGLOIS: A few moments ago the hon. member for Vancouver South made a reference which I think is not quite in accordance with the facts. He was talking about local complaints in British Columbia, and that can be very easily understood, but he added that if this obstacle to navigation were present in the St. Lawrence river it would be removed. I have the honour to represent one of the constituencies along the lower St. Lawrence, and I want to tell the hon. member for Vancouver South that we do not get all we want by any means.

Mr. GREEN: Well, you should.

Mr. LANGLOIS: We should, and you should, too. But I want to make this point. If the members from British Columbia or any other province want something and do not get it, they should not blame any other province for that.

Mr. GREEN: I was not blaming any other province.

[Mr. Mackenzie.]

Mr. LANGLOIS: Before this committee considers the items of the chief engineer's branch, I wish to make a few remarks of a general nature on these items.

(Translation):

Mr. Chairman, I wish to draw the attention of the committee to some items of the engineer's branch which are of particular concern to my constituency. If I have waited until the committee had reached this stage of the discussion on the public works estimates to make my remarks, it is because in my constituency we are not, for the moment at least, specially interested in public buildings which we consider as a luxury. We are primarily interested in the kind of public works that are absolutely essential to our economic development and to the expansion of the two important industries of our district. I shall therefore deal only with the improvement work that has to do with our fishing harbours and with the construction of commercial wharves.

First, as regards the fishing harbours, the sea fisheries of the province of Quebec are mostly concentrated in the constituency of Gaspé, where they form an industry which comes immediately after lumbering. The Gaspé coast being quite precipitous and exposed to the winds which so frequently rage in the gulf of St. Lawrence, it affords no shelter for our fishermen's boats. That is why, if we wish to maintain that industry, we must give special attention to the improvement and construction of easily accessible fishing harbours.

I need not emphasize the important part which our sea fisheries play to-day in the food programme this country has launched with a view to helping the nations devastated by war. To realize that, we merely have to consider the fish exports made through UNRRA. I may add that the Gaspé district has already suffered from the great international crisis which has come to an end with the cessation of hostilities, on account of the participation of this country with the allied nations in efforts to maintain peace, before the last war. The members of this committee no doubt remember the economic sanctions that were imposed against Italy at the time of the Ethiopian war and which entailed for our Gaspé fishermen the loss of the important market they then had in Italy for their dried fish. Moreover, we must recognize the merit of our fishermen who, during the war, did not hesitate to face the ordinary perils of the sea besides the dangers resulting from the incursions of the enemy in the St. Lawrence.

I must add here, better to emphasize the importance of that industry from a national standpoint that the Department of Veterans Affairs is now reestablishing in commercial fisheries the numerous veterans of my district. As every one knows, through legislation introduced in this parliament during the present session, the government is spending huge amounts in order to finance the establishment of our veterans as farmers or fishermen. When we settle a veteran on a farm, the land and buildings he acquires are not so exposed to loss as if the same funds were advanced to him for investment in the fishing boat with which he must earn a living. Besides, in the case of a farm, the veteran may cover any risks by taking out fire or some such insurance. This is however quite impossible to the veteran engaged in salt water fishing because maritime risks on fishing boats and equipment cannot be covered by any form of insurance now extant. Unless therefore provision is made for the setting up of fishing harbours or safe shelters for our fishermen's boats, I am very much afraid that we shall soon have to cope with the problem of veterans who, having borrowed money from the government to invest in boats, have lost them in the storm before they have had the chance to pay for them. What the government proposes to do in such cases I don't know, but I must point out that so far they have not been provided for by legislation. As an instance of the very real hazards involved, I merely have to mention the case of the small town of Cap des Rosiers, in my constituency, where in a single storm last summer fifteen fishing boats were lost. Each year we sustain similar losses which, unfortunately, are too often coupled with loss of human lives.

The fisherman's task is a hard one; but my Gaspesian fishermen are not seeking wage increases, are not holding out nor ever did hold out the threat of strikes which have brought local economy to a standstill and often threaten the whole national economy. All they ask our government is to give them at least the means to carry on and extend their work.

The fishermen I represent and myself find it hard to understand, that in the transition from a wartime to a peacetime economy, when we are spending huge sums on reconversion, we cannot find the money required, not to reconvert an operating industry, but merely to ensure its survival and expansion. My constituents' claims in this connection I have on many occasions made known to the Minister of Public Works (Mr. Fournier) and to the officials of his department. And I must here give credit to the minister for having heard my representations with unfailing kindness and sympathy. I repeat those requests, without detailing them, in the hope that the minister and the members of the treasury board will give them the consideration they deserve. To the latter, that is the members of the treasury board, I wish to point out that our share of public works in the Gaspé area is inadequate to our needs and inferior to the allotments granted elsewhere. If only Gaspé were given what other parts receive in the way of subsidies for the construction of railways, of public buildings, which we lack; for the erection and maintenance of radio stations, and the like, we would be content. If the members of the treasury board require a further argument to justify the development of our fishing harbours, which should be carried out at once, I shall refer for a few minutes to order in council P.C. 360, approved on February 13, 1922, at the request of the Quebec legislature and amended by P.C. 1890, on March 15, 1943. As a result of this order in council the dominion agreed to hand back to Quebec the whole administration of commercial fisheries, thus creating the only exception of this kind in the country.

Some time ago I asked the Department of Fisheries for the amounts paid to the various provinces for the administration of fisheries at the date on which the first order in council was passed, and similar figures for 1944-45. I secured the following data:

Province	1921-1922	1944-1945
Nova Scotia	$250,329 40	$584,300 59
Prince Edward Island	34,757 27	98,309 59
New Brunswick	146,059 75	383,917 98
Ontario	80,403 37	1,569 84
Manitoba	71,934 16	16,034 68
Alberta	22,430 25	.....
Saskatchewan	21,487 53	.....
British Columbia ...	496,631 69	817,888 81

If we compute the average amounts granted to other provinces we find that the fishing industry in Quebec is losing some $500,000 yearly. This money is paid to other provinces out of the national income to which the province of Quebec contributes to the extent of almost one third, if not more.

If, for political reasons, certain autonomists of the province of Quebec do not want our fishermen to benefit by this money I believe the government must find some other way of enabling them to benefit therefrom, as they are just as much entitled to those sums as the fishermen of other provinces.

I take this opportunity to draw the attention of the fishermen of my constituency upon the cost to them of the policy of autonomy advocated by their Quebec leaders. A summary

computation shows that our Gaspé fishermen have thus lost since 1922 over ten million dollars, as the result of the autonomy policy advocated by the so-called Quebec nationalists. I, therefore, ask the minister and the treasury advisers to take this into consideration when they plan a programme of public works for the province of Quebec, and I appeal to them, on behalf of the Gaspé fishermen, to make good this sum by immediately launching a programme for the construction of modern fishing harbours, out of the funds which they have thus lost and which they will lose in future as long as this policy is maintained. They are entitled to this money and I do not see why they should be deprived of it.

Second, our commercial wharves to which my previous remarks about the importance of our fishing harbours also apply. There again, I submitted to the minister and Department of Public Works a list of urgent projects and I hope that by next year, they will begin to carry out this programme.

We have very important sea ports to which, every year, we ship huge quantities of lumber and pulpwood. As I said earlier, we are almost without rail service; only a fourth rate railroad barely 60 miles in length and a belt road in even worse shape; therefore, as I said on the address in reply to the speech from the throne when parliament was convened, the maritime route is the only means of communication available to our people.

The lumber industry is our main activity and I refer the hon. minister as well as the government to a report on the inventory of the natural resources of the Gaspé area carried out in 1937 by the Quebec government. I will therefore take the liberty of submitting to the hon. minister a suggestion which I have already put to the officers of his department. Considering the scarcity of lumber resulting from the British Columbia strikes as well as from the house-building programme, I suggest once again that the Minister of Public Works determine at once the approximate quantity and dimensions of the lumber required for the projects he intends to carry out during the summer of 1947 and immediately place contracts so that he may count on having his order filled by next spring. I might add that if such contracts are handed out this fall, we will be able to secure locally in the Gaspé area a good deal of the lumber needed for these projects and thus reduce the quantities we will require from British Columbia.

I have one more suggestion for the hon. minister; it deals with the dredging near the fishing harbours and commercial docks of my riding. This summer, we experienced a great deal of trouble in having urgent work carried out due to the fact that the Department of Public Works has placed its dredge at the disposal of two constituencies, Bonaventure and Gaspé, and also because this machinery is so ancient that it is falling apart. As a result, we had to hire outside dredging contractors to do part of the dredging in my constituency; this was done after we had experienced much difficulty and after several of our fishing harbours had been paralysed for a good part of the season owing to the delay in carrying out the necessary dredging operations.

It is therefore necessary and urgent that the Department of Public Works build a dredge for use in Gaspé county and I hope that it will do so shortly.

My third and last suggestion pertains to the lack of personnel at the district engineer's office, at Rimouski. That office is shorthanded in view of the volume of work and of the vast territory it has to cover. As a result, work in our district is delayed, sometimes to a point that it is not carried out during the fiscal year for which the funds have been appropriated. I therefore urge the minister to take the necessary steps in order to increase the staff of that office without further delay.

(Text):

Mr. FOURNIER (Hull): I wish to say a few words, reverting to the Ripple Rock question. I was surprised to hear British Columbia members this afternoon saying that they had been insisting on this work for the last three years. I can assure you, Mr. Chairman, that every week in my office I have heard representations and have received letters, and I have consulted the best men around me in regard to the work. This afternoon some members made a few remarks which I do not think I should allow to pass without indicating exactly how the government came to its decision.

In my department we had an oustanding engineer, the chief engineer of the department, Mr. Kenneth Cameron, who had been a past president of the Canadian institute of engineers. He is one of the outstanding engineers in the country, has headed that branch of my department for many years, after rising from resident engineer to the top rank, and has now been superannuated. This gentleman had absolutely no interest in giving his minister any advice in which he did not believe. He was honest in the way in which he conducted his work, and I am looking at the hon. member for Carleton when I make that statement, because he knew Mr. Cameron. I am sure the hon. member will agree that Mr. Cameron is one of the outstanding citizens of the country.

He made an investigation in conjunction with my deputy minister. He spent three weeks on the coast and made his final report on the Ripple Rock works. He has now been superannuated, but after his return from that trip he came back to the office for a week or so. Does anyone think I would set aside the report made to me by my chief engineer and accept reports given to me by any outsider who did not know one-tenth as much about the situation as my chief engineer?

Mr. GREEN: What about your own engineer, Mr. Morton, who is right on the coast?

Mr. FOURNIER (Hull): Though I have a great deal of respect for the engineer on the coast, I must point out that he was under the direction of Mr. Cameron. Mr. Cameron met him there and they travelled together. That two engineers would not agree on a subject of this kind is not surprising. You can find two engineers, one of whom will have one opinion and the other a different view. But would anyone advise the Minister of Public Works to disregard the advice of his deputy, who is also a civil engineer and an outstanding one, and the advice given by the chief engineer of the department, and say to them, "No, gentlemen; Mr. Morton is out there. He is one of our engineers; he advises otherwise, and we will take his advice."

What the hon. member read in the clipping from the Vancouver *Sun* is part of what I said at the outset of my remarks. We did get this report giving the figure $1,900,000, but we asked whether that was their firm price, and we said, "Will you give a guarantee that you will do the work for that price?" No answer came. No one would undertake it.

Mr. GREEN: Would you expect the firm to give a set price?

Mr. FOURNIER (Hull): Certainly; we asked for tenders. They had the specifications and, if they know so much about the work, they ought to be able to put a price on it. Will anyone tell me that contractors would come to Ottawa and see the public works department and say they would do the work, and then spend $802,000, without producing results? And these same people said that they could do it for $300,000. Now they say they will do it for $1,900,000. Judging by past performances, am I to set aside the report of my chief engineer and say to these gentlemen, "Of course we will give you that contract"; and after spending $1,900,000 without results would you expect me to come back to the house and ask for another $2,000,000? What would people say?

Mr. GREEN: You have already got some results.

Mr. FOURNIER (Hull): I think I am being logical in the argument. We decided at the time that if we could get a firm price we would undertake the work. We went farther and said to them, "Though we do not believe in that estimate, if you will find an insurance company who will guarantee fifty per cent of the excess over $1,900,000 we will undertake to pay fifty per cent and your insurance company can give us a guarantee to pay the other fifty per cent." Nobody came forward, however; nobody would undertake it.

Does anyone think we would be justified in spending the people's money at that rate, when I am convinced myself, on the best advice which I could obtain, that they have not found the right method by which to get rid of Ripple Rock? That is our position.

I respect the opinions of those who come from the coast, and hon. members have a right to press their point; but it is not fair to my department to urge me to undertake expenditures of public money when I am not satisfied that we can have the work done. That is the position with regard to Ripple Rock.

(Translation):

Mr. Chairman, I have listened very carefully to the remarks of the hon. member for Gaspé (Mr. Langlois). He is probably the hon. member whose constituency is, to the highest degree, dependent on the Department of Public Works for the improvement of the fishing harbours of the Gaspé coast. During the war years, we have been unable to do as much as usual. This year, I believe the amounts spent for the improvement of wharves, breakwaters and ports have been increased. He has but to present a request which he does regurlarly—and the Department of Public Works gets busy improving every part of his constituency as soon as the money is granted by parliament. I feel bound to give him the testimony that, of all the members from Quebec, he probably gives me more work than any other in the interests of his constituents. A single day hardly goes by, but I receive from him some request for the betterment of his fishermen's lot. He may be sure that my officials and myself will do our utmost to help his fisherfolk.

Mr. LANGLOIS: Thank you.

(Text):

Mr. BRACKEN: With your permission, Mr. Chairman, and with the permission of the committee I should like to raise another matter. When the Acting Prime Minister moved that we sit on Saturdays he indicated that he would leave it to the wishes of the house as to whether it would sit on Saturday night as well as Saturday morning and Saturday afternoon. Last night the leader of the house indicated that he would expect us to sit to-night. Intimations have been made to me by some hon. members that they would prefer to sit until seven o'clock to-day and then adjourn until Monday morning if that were satisfactory. I raise that suggestion for the consideration of hon. members.

Mr. MACKENZIE: Of course this motion should be properly made with the Speaker in the chair. With the consent of the committee I would say that the government is entirely in the hands of the committee and of the house in regard to this matter. I have had representations made to me from various quarters that we continue to sit until seven o'clock this evening and then adjourn until Monday morning at eleven o'clock. If that is the desire I would have to make the motion.

Mr. IRVINE: Why not make it six o'clock? Why run to seven? What difference will an hour make?

Mr. MACKENZIE: If we sit until seven o'clock my hon. friend will find out. If this meets with the consent of the committee—I am not pressing it, mark you—I would move:

That standing order 6 be suspended and that the committee continue sitting after 6 p.m.

With unanimous consent that would mean until seven o'clock. I think that seems to be the general wish of the committee. If that is not agreeable we shall sit as usual in the evening until eleven o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. MACKENZIE: I move:

That standing order 6 be suspended and that the house continue sitting after 6 p.m.

Motion agreed to.

Mr. REID: Does that mean that the house sits until eleven o'clock?

Mr. MACKENZIE: Until after six; until the house is adjourned.

Mr. REID: I was going to move that the house sit from nine o'clock in the morning to one o'clock the following morning.

[Mr. Langlois.]

SUPPLY

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

DEPARTMENT OF PUBLIC WORKS

Engineer's branch—

296. Branch administration, $245,100.

Mr. MATTHEWS (Kootenay East): Now that we can come back again for a few minutes to Ripple Rock, because it is still there, may I say that this afternoon I listened with a great degree of interest to the remarks of the hon. members for New Westminster, Vancouver South and Vancouver Centre. I wish to associate myself with all that they have said and, if there is any way of making it stronger, I do so. I think I can say this afternoon that I have probably sailed through Seymour Narrows more often than any other member in the committee, because during the past few years I have sailed through them on a good many occasions. I have seen some of the largest steamers which ply on the Pacific coast in these northern waters timing their sailings and their movements to arrive at Seymour Narrows at either high slack or low slack tide. With all the power that they are able to develop, if they should arrive too soon they never attempt to sail through; they anchor. Why? Because, although we have heard this afternoon of many hundreds of feet on this side or on the other side of the rock, a vessel trying to go through these dangerous waters and these tremendous currents runs the danger of being swept irresistibly upon that rock. I know something of how mariners of the north Pacific coast feel every time that they approach Ripple Rock. They approach that rock with a degree of fear and wholesome respect.

I am glad to know that so much money has been spent by the government so far in an attempt to remove Ripple Rock, but I cannot quite understand some of the remarks which the minister made this afternoon. One of the difficulties which seem to baffle them at the present moment is how to clear the top of the rock after blasting operations have taken place. I can hardly visualize that difficulty when I know something of the force of the explosives used. If it does not blow the rock completely away from the surface I can tell the minister that if there are chunks of rock on the top as big as this desk the tides and currents will sweep them off.

Mr. FOURNIER (Hull): They are probably bigger than that.

Mr. MATTHEWS (Kootenay East): If they are bigger than that I do not think their

methods of handling the matter have been as useless or as ineffective as the minister tries to make out.

This is still a live issue on the Pacific coast and it is going to be until Ripple Rock is removed.

Mr. FOURNIER (Hull): You need not tell me.

Mr. MATTHEWS (Kootenay East): To show that it is so, the Vancouver *Sun* runs every week or so a quiz programme in which they ask the people to express their point of view on certain questions. Possibly two or three months ago this question was asked on the programme: "Are you in favour of asking the United States now to remove Ripple Rock, seeing that we cannot do it ourselves?"

Mr. REID: They offered to.

Mr. MATTHEWS (Kootenay East): Yes. And eighty-six per cent expressed their conviction that we should ask the United States to remove it.

Mr. LANGLOIS: Can the hon. member give me the percentage of those who said "yes" or "no"?

Mr. MATTHEWS (Kootenay East): Eighty-six out of one hundred, eighty-six per cent, said yes.

Mr. LANGLOIS: Eighty-six per cent of what?

Mr. MATTHEWS (Kootenay East): Of the total population of the Vancouver area.

Mr. BERTRAND (Laurier): Of those who were questioned?

Mr. MATTHEWS (Kootenay East): I was not at this particular meeting where this question was put. I am merely quoting from the paper.

Mr. LANGLOIS: The hon. gentleman gave a figure of eighty-six per cent; eighty-six per cent of what?

Mr. MATTHEWS (Kootenay East): It was eighty-six per cent of those who were questioned.

An hon. MEMBER: What was the number?

Mr. MATTHEWS (Kootenay East): I could not tell you that. I was not there, and I cannot state that number.

Mr. MACKENZIE: May I say that generally these polls are accurate.

Mr. MATTHEWS (Kootenay East): The point is that we have spent a great amount of money so far, and I do not for one moment think we are justified now in throwing up our hands and saying that, because our engineers cannot find a satisfactory way to remove the rock, it will have to stay there. I know how the minister feels, that if he goes ahead and spends so many millions of dollars and fails, his department will be censured, but I can assure the minister that his department will be censured far more if we lose a large vessel on that rock, with heavy loss of life; and that is likely to happen any moment, even while I am speaking. It may happen at any time.

Mr. FOURNIER (Hull): Certainly; and it could have happened in the past hundred and fifty years.

Mr. MATTHEWS (Kootenay East): It was stated here this afternoon that the last vessel to suffer damage on the rock was a government vessel, and that the delicate instruments on that vessel, worth hundreds of thousands of dollars, were absolutely ruined. So my contention is that if our Canadian engineers have failed we should call in the engineers of some other country.

Mr. FOURNIER (Hull): We did. My deputy spent a good deal of time consulting the best engineers in New York and Washington, the best engineers on that kind of work in the United States, and their report agreed with the report I received from my own officials. We are not all engineers, you know.

Mr. MATTHEWS (Kootenay East): The last method adopted was to string a cable, at tremendous expense to the country.

Mr. FOURNIER (Hull): What about the other methods? Did you study them? Did you study the tunneling method?

Mr. MATTHEWS (Kootenay East): Yes; I know the methods they have been trying to follow. The overhead cable method was the most successful so far. Why was the cable taken down?

Mr. FOURNIER (Hull): I gave that answer a moment ago. Ten feet of water flows continually over this rock. In addition to that, we were to drill another twenty-one or twenty-two feet. We did start drilling so many holes at the first level of five feet. That was the average; perhaps it may have been six feet, and they drilled as many holes as they could. Then they filled the holes with dynamite or some explosive, and tried to explode it. Two-thirds were blown up, say eighty holes out of 120. Ripple Rock is not just a peak of rock coming up in the middle of the water. It spreads around, and the rock that was blown off spread over the

rest of it. The contractors tried to remove the loose rock but had no success, and they could not go on and drill a second level of five or six or seven feet without removing the first rock. Then the deeper they went, to drill the harder it became to keep the barge and scow sufficiently stable that the drills would not be broken. That was the second method. The first was to anchor the scow and barge, but that did not succeed at all.

Mr. MATTHEWS (Kootenay East): I know.

Mr. FOURNIER (Hull): The first project cost us around $350,000, and the second one, nearly $500,000, and we have had no success.

Mr. GREEN: Some success.

Mr. FOURNIER (Hull): A third method was suggested, that of tunneling, but we were advised against it. I am no expert; I am only repeating what I have heard when this matter has been discussed. We were told that the rock formation would not permit of tunneling and having the rock blown up. A fourth method suggested, which would be a costly one and in one connection with which no one could assure us of success, would be by dropping cement caissons on the rock, taking out the water and then trying to drill. All these ideas came from engineers; they did not come from laymen, and in each case the objections were such that, after spending $800,000, I did not feel I could recommend to the government that we proceed farther unless I could be convinced by the experts that it was feasible. We have consulted engineers in the United States. Hon. members have said the government of the United States told us they would do the work, but I have been dealing with this question for nearly four years and it has not come to my knowledge yet that the United States government asked to be allowed to proceed with the work. There is a lot of talk about doing this and doing that, but when you come down to the facts there is nothing on the file that would show that any other government would undertake this work, or that they had better engineers than we have in our own country.

Mr. MATTHEWS (Kootenay East): From all I can gather, the last method adopted, using the overhead cable, did bring a certain amount of success. The minister himself admits that a certain number of holes were drilled and blasted. What I cannot understand is why, after all that expenditure and all the risk of life and limb in stringing that overhead cable, it was not left there. Why take it down?

[Mr. A. Fournier.]

Mr. FOURNIER (Hull): Because we could not get a price from anybody to complete the work by the cable method. As I said, I have dealt with this matter for nearly four years. It was the most important thing I had in my mind in connection with the department, because we were anxious to make a success of it. Just imagine; if our department could have succeeded in that work—I am repeating what I have said previously—our engineers would have become great men amongst the engineers on this continent. When we tried last fall to get a firm price for the work, no firm prices were given to us. We had one estimate of $1,800,000 or $1,900,000, but there was no guarantee that they would do the work for that amount, any more than they did the work for the $250,000 or $300,000 we paid in the first place, and we asked for a guarantee. They could not find anybody even to guarantee fifty per cent of the excess over the estimate of about $1,900,000.

Mr. MATTHEWS (Kootenay East): Even yet the minister does not answer my question. We had a cable strung across a given area at tremendous expense. It would not have hurt the department to leave that cable there even yet, until you finally decided whether or not you were going to use the cable method again. It may be that you will have to come back to the cable.

Mr. FOURNIER (Hull): I can give you the reason in a minute if you want it.

Mr. MATTHEWS (Kootenay East): Pardon me; the minister has spoken enough. You may have to go back to the cable method yet, and all I want to know is, why did you take down the cable before you were absolutely sure that method could not be used?

Mr. FOURNIER (Hull): When we put up the cables we had reports that they were dangerous to navigation. Opinion was divided even in connection with stringing up those cables across the rock. When we were convinced that we could not proceed by the cable method we did not think we should hinder navigation by allowing those cables to remain over the straits.

Mr. MATTHEWS (Kootenay East): I am not satisfied that navigation was hindered. Navigation went on all the time. The minister can wave his hand; but, as the hon. member for Vancouver Centre said, Ripple Rock is too far from Ottawa; that is the whole trouble. I would repeat what the hon. member for Vancouver South said, that if it had been in the St. Lawrence river they would have made greater attempts to remove it than have so far been made. Let the govern-

ment go ahead and spend money without asking for too many guarantees that this will be done or that will succeed.

Mr. FOURNIER (Hull): Would you suggest that in dealing with public works I should go ahead and give out work without getting firm prices; that I should spend the money of the taxpaying public of Canada without any guarantee that the work will be completed for the money we pay out? Do you think that would be the proper way to administer the Department of Public Works? Do you think I could rise in this house and defend that policy; that I could say, "All right; you want work out in British Columbia. We don't care what the cost is. We don't care if you can do the work. We are just going to spend the money of the people." Do you think that sort of policy would be upheld in this house? Do you think I could rise in my place and defend a policy of that kind? If that sort of policy were to be adopted I probably would not be long in this government, because I do not believe it would be good government.

Mr. MATTHEWS (Kootenay East): That is exactly what the minister has been doing up to now.

Mr. LANGLOIS: May I ask a question?

Mr. MATTHEWS (Kootenay East): I have the floor.

Mr. LANGLOIS: You are afraid to answer a question?

Mr. MATTHEWS (Kootenay East): The minister has expended a good many hundred thousand dollars on a worth-while experiment, and we are asking that the experimentation proceed. I think that is fair. The minister has been prosecuting this work, and there has been no criticism of his department from any source for having done so. His department is worthy of commendation, because he has tried to do something. But we maintain that this is not the time to fold up and say, "We give up, because Ripple Rock is too large for us." I still feel there are engineers in this country—and if Canadian engineers cannot do it, others can—

Mr. FOURNIER (Hull): Name them.

Mr. MATTHEWS (Kootenay East): That is not my place. It is not for hon. members to find a solution; it is for the government to find one. The warning still holds good that some day there will be a disaster at Ripple Rock, and it will reflect upon the government, if this work is not carried out.

Mr. LANGLOIS: Speaking in French a short time ago, I asked the minister to increase the number of personnel in the engineering branch office at Rimouski. I think at this time I should withdraw my request, because it would seem that there are many good engineers right in the house.

I wish to reply to the hon. member who just took his seat, when he said—and I am afraid I am not quoting his words exactly—that if this condition were in Quebec it would be cured right away. My reply to him is that he should come down to my constituency and—

Mr. MacINNIS: The hon. member for Kootenay East did not refer to the province of Quebec.

Mr. LANGLOIS: I have the floor.

Mr. CHEVRIER: Let the hon. member proceed.

Mr. LANGLOIS: I referred to the St. Lawrence.

Mr. MacINNIS: Say "St. Lawrence", then.

Mr. LANGLOIS: Let him come down to my constituency, and he will see—

The ACTING CHAIRMAN (Mr. Golding): Is the hon. member rising to a point of order?

Mr. MacINNIS: On a point of order, the hon. member for Kootenay East did not say "province of Quebec". Some may be willing to think they can use that for the purpose of raising prejudice. But the hon. member for Kootenay East—

An hon. MEMBER: The same as British Columbia.

Mr. MacINNIS: It is not in the province of Quebec, either.

Mr. LANGLOIS: May I have the floor?

Mr. BELZILE: The river St. Lawrence runs from Montreal to Rimouski.

Mr. LANGLOIS: I should like to ask a question of the hon. member who made this reference. Can he tell me how much his province has contributed toward the total revenue of this country, as compared with Quebec? I am ready to place the figures before him. Yet we are not getting any more than his province is getting, if we take into consideration the amount of revenue that Quebec contributes.

The ACTING CHAIRMAN (Mr. Golding): I think we had better get down to the item.

Mr. MacINNIS: I was not in the chamber when the discussion on this item began, but—

Mr. FOURNIER (Hull): There is no item for Ripple Rock, you know.

Mr. MACKENZIE: That is the trouble.

Mr. MacINNIS: I wish to tell the minister that it appears that Ripple Rock is a considerable item. I was not in the chamber when the discussion began, so that to that extent I am under a handicap because I do not know what other members have said.

I am not an engineer and I know nothing about Ripple Rock, except that I have heard it is there and is dangerous. I also know it is a live question in British Columbia. I listened to what the minister said about what had already been done in attempting to remove this obstruction to navigation. I believe there was considerable merit in the stand he took, provided that the matter is not allowed to drop because of the difficulties now being met. If the Department of Public Works will give a guarantee to put an item in the estimates to keep on with this work—and I am not suggesting that the minister should keep on with a method that has not proved successful—but if he will give the assurance that attempts will be made to remove the danger, that is all we are entitled to ask. He has said that he would be criticized if he spent money on this without obtaining results. He would be criticized, and criticized from this side of the house.

That has been the practice in parliament, and we should not press him to undertake work where he is satisfied that he will not succeed. But no matter how difficult it is, the removal of Ripple Rock is of great importance. In the light of the engineering feats which have been accomplished in the world in the last few years, surely we are not going to allow ourselves to be baffled by this situation. The minister should give the committee an undertaking that every effort will be continued for the removal of Ripple Rock. The minister has said that engineers had been consulted in New York, but I suggest that they could be brought on the scene, and their opinions obtained. When that is done I am sure some means will be found for removing the rock. If large expenditures are undertaken, but without success, I will assure the minister that so far as I am concerned I shall support him if the question is brought up in the house.

Mr. RICHARD (Gloucester): I should like to take a few minutes to make a few general remarks on the subject now being discussed, because it relates to the fishing industry, an industry which I am sure—

The ACTING CHAIRMAN (Mr. Golding): Order. We are discussing the item for the chief engineer's branch.

[Mr. MacInnis.]

Mr. RICHARD (Gloucester): I wish to speak about wharves and dredging, which would come under this item. The hon. member for Gaspé touched upon these two subjects, and since they are related to the fishing industry I believe I am entitled to speak. I would not speak at all at this time if I had thought all hon. members had understood what was said by the hon. member for Gaspé. He has expressed facts which I would urge in connection with the fishing population, and the problems he has set out are, I believe, identical with those of the fishing population in my constituency in New Brunswick, and in the maritime provinces generally.

All hon. members realize that during the war many projects had to be abandoned. However, now that we are about to enter the period of reconstruction, let me point out to the Minister of Public Works that we are in need of many improvements and many facilities to promote the fishing industry in the maritime provinces. I should hope that when he considers the problems pointed out by the hon. member for Gaspé, and the promise he made to the hon. member, he would also keep my section of New Brunswick in mind, because we have similar problems. There is a certain attitude which I do not approve in the Department of Public Works with reference to new undertakings. I do not blame the officials. But on occasions when I have approached them respecting the construction of new projects I have always been told that it was impossible because the revenue at the point in question was not sufficient to warrant the expenditure. I do not blame the officials because they are following a policy. But I think the policy is wrong. I do not think the necessity for a certain public work should be gauged by the actual revenue at that point. That should not be the criterion. I think what should also be considered is the potential revenue that might be derived if proper facities were provided.

An hon. MEMBER: Hear, hear.

Mr. RICHARD (Gloucester): The hon. member says "hear, hear" and I presume that members from the west would say the same. The maritime provinces, during the last thirty or forty years when great developments were taking place in other parts of the country in the matter of railways and canals, did not suggest that the actual revenue to be derived from the start of such construction should be considered, but the potential revenue if the great open spaces were opened up and developed, and we hope that the same policy will be applied to the maritimes.

Our most important industry in the maritimes is the fishing industry, and I want to emphasize that public works are linked with the success of our most important industry. We admit that in the maritimes we do not possess great wealth. As I look toward the west I see the great forest resources of British Columbia, that great wheat basket in the western plains, the rich forest and mining resources of Quebec and Ontario. But in the maritimes we do not possess great natural resources. Therefore our most important industry, the fishing industry, should be developed to the hilt. This cannot be done unless the fisherman has adequate facilities and the protection which he needs. I have heard in this house many a recital of the hardships of the farmers of the west and other parts of this dominion. I am not acquainted, I regret to say, although I hope to be some day, with conditions in the west. I know, however, that the farmer has a hard life. But it is nothing compared with that of the fisherman. There is no comparison whatever between the two. The fisherman starts out for two or three weeks fishing in the treacherous waters of the north Atlantic, never knowing whether he will return to his family. When he does return he has not the facilities, the wharves and breakwaters, to approach the shore and protect his boat and gear. The farmer's hardships are nothing compared with those of the fisherman.

Let us look forward to what the fishing industry might be if proper facilities were provided. We must remember also that the youth of to-day will not stand for the hardships of the pioneers of yesterday. He wants something better than his forefathers had and which he knows he should get. If we really want our young men to take up fishing as a vocation we have to give them the facilities which they should have. Study the figures of the returns which the fisherman gets in normal times, not the higher prices they are getting now, and the damages sometimes running into hundreds of dollars, wiping out the earnings of a whole year's work or two years which he sometimes suffers when his boat is smashed against the shore because of lack of proper protection. I know communities which have been in existence for over a hundred years in the northern part of New Brunswick and where fishing has been the mainstay of the people, which still lack these facilities. I do not blame the minister and his officials. It is the policy which has been followed for years that is to blame.

The other day I asked for a little improvement on a wharf. The capital expenditure to improve it would be about $800, and the annual maintenance, $200. The officials of this department pointed out to me that the revenue was not sufficient. I admitted it. But that wharf was not built for revenue purposes. It was built to accommodate the fishermen who go out into the ocean and produce wealth for this country running into thousands of dollars—untold wealth if they were only provided with proper facilities. I also pointed out that over this same wharf $350,000 worth of sea products was handled, all of which went as a contribution to the country's wealth. It helped to support a number of people; it provided revenue for our railways. Therefore I say that the actual revenue of the wharf should not be the criterion as to whether an expenditure should be made for improvements. We should rather look forward and consider how such improvements might develop the fishing industry.

I am told, and I have it for a certainty, that a number of firms are willing to come and establish themselves in our fishing communities if they can be assured that the fishermen will have proper landing facilities so that these firms can be guaranteed a steady supply. Remember that the fishing industry has changed considerably in the last few years, and therefore we must change our policy to meet those changing conditions.

I hope the Minister of Public Works will be as generous in dealing with these problems in the maritimes as his predecessor in office was, even to other parts of the dominion. We are only asking for the maritimes what we are entitled to. We do not ask for works to be constructed just for the sake of spending money. If I ever looked upon a wharf and thought I had asked for money to be spent on it just for the sake of spending money I would be ashamed and think that wharf was a monument to false judgment on my part. We are asking only what we are entitled to. I know it has been impossible for the department to undertake certain public works during the past five or six years, but from now on let it study our problems in the maritimes so that we will get our just share of assistance.

Mr. HAZEN: I would point out to the Minister of Public Works and to the members from British Columbia, as the hon. member for Gaspe has already done, that all menaces to navigation are not confined to British Columbia. In my constituency there is a reef known as Hilliard's reef that has proved itself a menace to navigation. The board of trade of the city from which I come have on more than one occasion called the attention of the government to the dangers of that reef, but nothing was ever done about it. As a consequence a ship went aground

there a year or two ago through the fault of somebody, resulting in a loss of over $4,000,000. The minister said, while Ripple Rock was being discussed so vigorously a few minutes ago, that if the members here could convince him of a feasible way of removing the obstacle he would undertake the work. I wonder if the minister could give assurance to the people in my constituency that he will remove the rock there if they can convince him that it is feasible to do so.

Mr. FOURNIER (Hull): I know more about Ripple Rock than I do about the one in my hon. friend's constituency.

Mr. HAZEN: If we could convince you that there is a feasible way of removing that rock would you give your best consideration to having it removed?

Mr. FOURNIER (Hull): You would not want me to make a commitment without looking into the whole matter. Otherwise I would have to make commitments for every rock in every harbour.

Item agreed to.

Chief engineer's branch—Dredging—
299. Maritime provinces, $769,020.

Mr. HAZEN: What dredging is it planned to do in New Brunswick and will any dredging be done at Dipper Harbour?

Mr. FOURNIER (Hull): I could give a list of the proposed dredging in the maritime provinces. Dredge No. 4 will operate at Bathurst, to remove 55,000 scow measure yards at a cost of $38,500. Dredge No. 5 will operate at Yarmouth to dredge 1,000,000 cubic yards at a cost of $34,000. Dredge No. 9 will operate at Charlottetown, Wood Island, Georgetown and Summerside at a cost of $46,900. Dredge No. 13 will operate at Cariboo and Pictou at a cost of $48,000. Dredge No. 14 at Summerside, Wood Island, Little Sands, Georgetown, Graham's Pond and Rocky Point, $7,000. Dredge No. 15, LeHave Islands, Vogler's Cover and Hunts Point, $7,500. Dredge No. 16, Shag Harbour, The Hawk, West Baccro, $7,500. Dredge No. 17, Red Head, Naufrage, Souris, Poplar Point, South Cardigan, Lower Montague, and Beach Point, $8,000. Dredge No. 18, Carey's Passage, Pondville, Petit de Grat, West Arichat, Troy Pond, Skinners Cove, Little Harbour and Ogden's Pond, $5,700. Dredge No. 19, Murphy's Pond, McKay's Point, Walker's Cove, Little Judique Harbour and Port Hood Island, $5,700. Dredge Pownal No. 2, Cheticamp Point, Margaree Harbour, Cheticamp Beach, Victoria and Charlottetown, $27,200. Dredge No. 115, Dingwall, $136,000. Those are the places where our dredges will operate.

Mr. HAZEN: I notice in the details on page 198 of the estimates there is an item covering maintenance and operation, one covering new plant and another covering contract and day labour works. Under which item would that work come?

Mr. FOURNIER (Hull): The hon. member will notice there is one item covering temporary assistance and wages, which would cover the wages of the crews. Then farther down on the page there is maintenance and operation, $276,825.

Mr. HAZEN: It would be included in that?

Mr. FOURNIER (Hull): Yes.

Mr. McLURE: While a certain amount of dredging has been provided for Prince Edward Island, I should like to mention one item which I drew to the minister's attention last year and again this fall, at Rustico harbour. This dredging is needed by the fishermen. It has been a number of years since any dredging has been done and the bay has filled up. This makes it inconvenient for the fishermen because, after they enter the harbour, they have to go the length of the bay up to the creek. It would not be an expensive job and it would be of great help to the fishermen. If this dredging were done the fishermen could bring their boats in at low tide and land at their own wharves. While no provision has been made in the estimates for doing this work this year, I want to impress, on behalf of the fishermen of Rustico, that the minister must give consideration to this dredging.

Mr. WINTERS: I notice in the particulars there is an item of $158,900 for new plant, and I was wondering if any new dredging equipment for Nova Scotia is to be purchased under that item.

Mr. FOURNIER (Hull): This increase is to replace worn-out scows attending our various dredges and to purchase six tugs from War Assets Corporation. There will be one tug for dredge No. 4; to complete two steel scows under contract with the Saint John Dry Dock Company to replace two scows sold. For dredge No. 5, one steel coal scow to replace scow lost when on tow by navy from Sydney to Yarmouth. For dredge No. 16, one wooden scow to replace scow in very bad condition; contract with M. C. McKay and Son. $3,500. For dredge No. 16, new hull under contract, M. C. McKay and Son; old hull bad condition, $8,000. For dredge No. 17, one wooden scow urgently required as only one at present

with this dredge, $3,500. For dredge No. 18, one wooden scow under contract, R. A. Douglas, New Glasgow, Nova Scotia, replacing worn-out scow, $4,100. To purchase of six tugs from War Assets Corporation under negotiation at present, $80,000.

Mr. WINTERS: Is the department considering the purchase of new dredges?

Mr. FOURNIER (Hull): Not under these estimates.

Mr. HAZEN: Would it be possible to have a breakdown of contract and day labour works?

Mr. FOURNIER (Hull): The list is quite a long one:

Bay St. Lawrence	$4,050
Belfrey Gut	300
Broad Cove	No estimate
Burke's Head	10,650
Cherry Hill	No estimate
Falls Point	5,584
L'Acheveque	20,179
McCreadyville	12,250
Paul's Point	45
Petit de Grat (Landry's)	989
Petit de Grat (Martells)	6,000
Smithville	9,832
Trenton	15,414
Troy Pond	450
Upper Port Latour	1,444
Upper Port Latour	No estimate
Wallace	21,800
Dipper Harbour	13,500
St. Andrews	10,600
Cape Bald	17,420
Bottsford	6,700
Campbellton	No estimate
Cocagne Bar	18,800
Dalhousie	10,500
Little Shemogue	6,000
Richibucto	No estimate
Shippigan	3,600

Mr. STANFIELD: I did not hear the minister say anything about Parrsboro, Nova Scotia. Has the department any request for dredging that harbour?

Mr. FOURNIER (Hull): It is not in the estimates and I do not recall having received any request. I will look into the matter.

Mr. ISNOR: I was interested in the discussion that took place this afternoon in connection with Ripple Rock. I am not going to transgress the rules by discussing that question, but it was a matter of interest to me to note the manner in which the members from the Pacific coast advanced their claim for expenditures.

There is one item in which I am particularly interested and which I believe will come under this vote. It is a problem for the engineering branch of the Department of Public Works, and the matter is one that I have brought to the attention of the department and of the minister on more than one occasion. I refer to the situation that exists at Devil's Island. This is a lonely spot about seven miles by sea from the docks of Halifax city and half a mile from the shores of eastern passage, a small fishing and farming hamlet on the east mainland, where a tiny wedge of slate rock forces its way above the swelling tides and rolling breakers of the Atlantic. In the past, I admit, a considerable amount of money has been spent in connection with breakwaters, but unfortunately it has not provided the protection which is required to enable the fishermen to carry on their pursuits as such.

I cannot do better, in attempting to describe this locality, than to quote the words of Miss May C. O'Regan. She says:

> Remote, grim and desolate, devoid of trees, swept by winds which carry off the sparse soil, the tiny dot just outside the entrance to Halifax harbour, to-day merits the name of Devil's Island even more than it did four generations ago when a little colony of fishermen and pilots settled there to be near the sources of their living.

I emphasize those words, "swept by winds." I am asking the Minister of Public Works to be good enough to go into this matter more fully than apparently he has done in the past. It is extremely difficult and sometimes impossible to get medical help to this island. The district can be serviced by planes, but at certain times it is impossible to land either from a boat or from a plane, and we would be pleased if the minister would give us some assurance that this matter will be looked into.

An hon. MEMBER: Perhaps a bridge.

Mr. ISNOR: If the minister would give us the assurance of a bridge we would be satisfied, but I am not asking for unreasonable things. I am simply asking him to go into the question of providing a breakwater which will serve the purpose. I believe I have given him in the past practically all the information that would be helpful in dealing with this problem, but if he feels that it would cost too much money to erect and maintain a breakwater on the island so as to afford the protection which the people who live there desire, then I would ask him to present to the government, for their consideration, a scheme whereby there might be provided some place on the mainland where these people can be properly housed and given the attention which we expect human beings to receive in these modern days.

Some hon. MEMBERS: Carried.

Mr. ISNOR: No, it is not carried. It is a human need I am talking about. I do not know how closely the minister has followed the doings of the lightkeepers and those who

dwell in these remote places along our Atlantic coast, but if he has not been in touch with the situation there, I suggest to him that he read an interesting book written by E. M. Robertson, wife of the lightkeeper at one of the lighthouses on the Atlantic coast of Nova Scotia. If he will do this he will realize something of the hardships with which these people have to put up day in and day out, particularly during stormy seasons. I could dwell at great length in describing their hardships, but I will not make myself unpopular at this late hour by taking up more of the time of the committee, though it is an important question and I am making a plea for the satisfaction of a crying human need. I hope the Minister of Public Works will give this matter the attention which I believe it deserves.

Some hon. MEMBERS: Carried.

Mr. ISNOR: No, it is not carried. May I have an assurance from the minister?

Mr. FOURNIER (Hull): The hon. member may rest assured that the moment the house closes, I will read the book and give attention to the request that has been made. I say that seriously.

Mr. ISNOR: That sounds all right, but I am in the position of members of the opposition when they rise in their places and present a case. I expect a little more consideration than simply to have the minister say that when the house closes he will read the book. It is not the book that I am talking about; I am talking about the plight of the people on Devil's Island. I am asking whether favourable consideration could not be given to the construction of a suitable breakwater which would meet the requirements of these people, or, if not that their problem be taken into consideration and a decision made as to the best scheme to follow. If it is not possible to build or repair the breakwater, then some scheme should be devised to bring these people to the mainland so that they may enjoy the privilege which the minister and the rest of us enjoy in these modern times.

Mr. FOURNIER (Hull): I wish to apologize if the hon. member thinks I was treating his suggestions lightly. I listened most attentively to what the hon. gentleman said, and I was trying to recall the numerous cases which were brought to my attention in my office by other hon. members. I am giving attention to the particular case he has mentioned and I shall continue to do so. I am sorry if I offended him.

Mr. ISNOR: I wish to thank the minister for adopting a more serious tone with respect to this matter.

Item agreed to.

Chief engineer's branch—Dredging—

300. Ontario and Quebec, $583,840.

Mr. HENDERSON: Since I am one of the few members present from Ontario and since I have not the problem of rocks and harbours I should like to say a few words on a drainage scheme, known as Running creek. This Running creek is a small offshoot from the St. Clair river. It leaves the river in an unusual way. Most creeks run into the river, but this particular creek near the town of Wallaceburg leaves the river, goes across the country, meets with another creek at the town of Wallaceburg and then finds its way down to lake St. Clair.

In 1905 the Department of Public Works did dredge running creeks. They did it in those days to help out the sugar beet industry. At that time they inaugurated the sugar beet industry in that section of the country and a factory was built at Wallaceburg. That was before the advent of good roads, and in order to assist the farmers who lived six or eight miles out to get their sugar beets into the factory the department dredged that creek. The creek is now filled up. If it were dredged it would serve two purposes. In the first place, that section of the country consists of low-lying land; we call it Little Holland. You pretty nearly have to wear your wooden shoes when you go there, particularly after a rainstorm. There are two or three pumping works there where they have to pump water off the land into this particular creek. Of course they have to pay a municipal tax for that purpose. It was under a municipal scheme.

If the dredging were done it would provide better health services for Wallaceburg, because the little creek water runs for a good many miles before it comes to that town. It runs through several little towns and the sewage disposal is not very well taken care of. In the summer time, around Wallaceburg the water becomes quite stagnant in Running creek. When it was dredged out a number of years ago the blue water left the St. Clair river and came down to the Skey river. You could trace it all the way into the town of Wallaceburg, and the other water was washed away and the town kept healthy. At the present time it is filled up. Wallaceburg is one of the most progressive little towns in western Ontario. Its citizens are all cooperatively-minded, they all work together for the good of their town. They are very much interested in this matter at the present time and hope that we can get the Department of Public Works interested in carrying out that dredging scheme. I believe last fall the engineers got their own local engineer and

he made a survey of it. I believe there will be two or three townships interested in it.

I notice in the estimates that there are $200,000 more allocated to the provinces of Ontario and Quebec than was the case last year. That would be about $100,000 each. I was wondering whether it would be possible for the Department of Public Works to assist municipal councils in a drainage scheme of this kind, particularly when the department is not taking care of their own local waters, but is taking care of international waters which leave the river and go across the country.

Mr. FOURNIER (Hull): I shall have my engineers report on the case the hon. member has just submitted. The hon. member understands that if it is completely a drainage project we do not contribute to that, but I shall see what we can do about it.

Mr. HENDERSON: It is drainage, but the water is international water which leaves the river. I thought we would have to take care of international waters.

Mr. FOURNIER (Hull): We have no estimates at all for drainage purposes; I am sorry. We are discussing item 300. We have no money for drainage purposes under this item, nor under any item.

Item agreed to.

Chief engineer's branch—Dredging—
301. Manitoba, Saskatchewan, Alberta and Northwest Territories, $269,550.

Mr. BRYCE: I had intended telling the minister about some of the hazards of shipping on lake Winnipeg and the Red river, up to the harbour of Winnipeg, but since the hour is late I shall refrain from doing so. I want the minister to know that I am going to take these matters up with him, and I hope he will give me an attentive ear. Are the dredges on lake Winnipeg in full operation now, or are they still operating on the war schedule?

Mr. FOURNIER (Hull): My information is that we are operating at full time in Manitoba.

Mr. BRYCE: Can the minister tell me what they are doing at Warren's Landing to straighten the channel there? The department made a survey there last year and put in new range lines. If the minister has not the information now, perhaps he could let me have it later.

Mr. FOURNIER (Hull): I shall send it over to the hon. member.

Mr. BENTLEY: I do not know just how big a field dredging takes in. We do not have a great deal of that work in Saskatchewan, although I believe there is some work along that line that could be done. I was absent this afternoon in the industrial relations committee when the bill to beautify Ottawa was passed, which I would have opposed. Could the minister possibly find an appropriation somewhere to do a little dredging in the Swift Current river. We need a swimming-pool there which would help us out quite a bit.

Item agreed to.

Chief engineer's branch—Dredging—
302. British Columbia and Yukon, $386,080.

Mr. ARCHIBALD: There is just one point I should like to bring up. I do not wish to criticize or to raise the devil too much with the minister because I see he has an item in here for Hazelton; therefore I shall go fairly easily.

Mr. FOURNIER (Hull): That has been voted.

Mr. ARCHIBALD: I am not going to speak on that. I should like to deal with dredging at Dalketla slough. I received a letter from the district engineer, Mr. K. W. Morton, of New Westminster, with an outline of the projects contemplated for the Pacific coast, and in that was $301,950 for a breakwater at Wiah Point. I do not see that included in the estimates here. Has it been dropped?

Mr. FOURNIER (Hull): I am informed that the estimates which were given to the hon. member were probably a post-war and timing project. They are not in these estimates. I shall look up the item mentioned by the hon. member and see what can be done about it, but not at this session.

Mr. ARCHIBALD: Under these contemplated post-war projects, I should like to bring in this matter; along with Wiah Point, dredging should be done at the village of Massett, so that the fishermen can go over and live in that district. It is important to the fishermen who go out on long-line trawling in that area. It would build up the Queen Charlotte islands. It is a marvellous harbour if it was improved.

Mr. PEARKES: I hesitate to rise and urge a complaint against another British Columbia constituency, particularly since that constituency is represented by an hon. member on the other side of the house; but all the filth from the Fraser valley is brought down and deposited in my constituency. I want it removed. The silt from the Fraser river comes down and is filling up the harbours of Nanaimo, Ladysmith and Chemainus;

the harbours in the Gulf islands; Sidney; the great harbour of Victoria—about which I shall have something to say in a moment—and the entrance of the San Juan river.

First, I want to deal with the entrance of the San Juan river. That is the very centre of an extensive logging country. Every year hundreds of thousands of dollars worth of logs are exported through that harbour. The entrance of the harbour leading to Port Renfrew is silting up to such an extent that the tugs of the Malahat Logging Company and the Hemmingsen-Cameron Logging Company are having the greatest difficulty in getting their logs over that bar. I suggest that one thing we need in this country at the present time is lumber; and if from the heart of the lumber country we cannot export our logs to the mills on the mainland because of a lack of dredges, then this department must make a strenuous effort to provide the necessary dredges so that these logs can be exported.

That condition exists not only on the southern coast of Vancouver island but also on the eastern coast, at those other harbours I mentioned: Nanaimo, Ladysmith and Chemainus, where the big mills of the Victoria Lumber Company are situated, and at the harbour of Sidney, where we have ferries running not only from the mainland of British Columbia but also from the United States. All those harbours are silting up. All those harbours demand immediately the dredging operations they were denied during the war years, and one can understand why they were denied that work. A great deal of work is now needed, not only to make up for what should have been done during the war years, but in order to get the lumber from Vancouver island out to the mills, and to the reconstruction projects all over Canada.

I want to say one word about the harbour of Victoria, which is also silting up. As the minister no doubt knows, recommendations have been made as to the purchase of Riffett docks and the development of what is known as fishermen's harbour in Victoria. I believe the minister has this question under consideration. I should like to ask the minister what is being done and how far the negotiations have proceeded in connection with those two projects in the harbour of Victoria. I should like also to have the minister to tell us how many dredges we have on the Pacific coast. I listened with amazement a few minutes ago to references to dredge No. 11, No. 12, No. 13, No. 14, No. 15, No. 16 and No. 17 being employed on the Atlantic coast. I do not believe we have anything like that number on the Pacific coast.

[Mr. Pearkes.]

Mr. MACKENZIE: Before the minister replies, may I tell my hon. friend that the committee will note with great appreciation this "war of the Georges."

Mr. PEARKES: I should like an answer to my question.

Mr. FOURNIER (Hull): I am sorry, but under item 302 my hon. friend is discussing matters which come under item 321, where he will see:

Victoria—toward dredging, $100,000.
Victoria—fishing harbourage, $67,000.

The contract for the fishing harbour has not yet been given out, but I understand that we are calling for tenders in the very near future.

The other question was as to how many dredges we have on the Pacific coast. We have four dredges, two tugs, six scows, two motor boats, sixty-four pontoons and one pile-driver barge.

Mr. PEARKES: I am afraid the motor boats will not do much dredging, will they?

Mr. FOURNIER (Hull): I do not know. I am no expert, but they might help.

Mr. PEARKES: What about Riffett wharf at Victoria? What is the position of those negotiations?

Mr. FOURNIER (Hull): I am sorry I have not the information here, but I shall let my hon. friend know. I shall send a request to the official to prepare a report and shall give my hon. friend the information.

Mr. PEARKES: Negotiations have been under way for some time, and that is all linked up with the development of the harbour at Victoria and the dredging necessary there.

Mr. FOURNIER (Hull): We have two items covering what the hon. gentleman has asked. We are now calling for tenders as to the first item, and we are negotiating in regard to the fishing harbour. That is about all the information I have now, unless I look over the file.

Mr. PEARKES: Surely the minister can tell me how far those negotiations have gone. We have been talking about this matter for the past three years; it has been actively discussed in all the newspapers month after month.

Mr. FOURNIER (Hull): The hon. gentleman will find those two items concerning Victoria on page 46 of the estimates under

item 321. I can read what notes I have here and give him the information they contain as to this item of fishing harbourage. This item is to provide for dredging and the construction of an approach landing pier, gangway and floats. Proposed work is urgently required to accommodate an additional 220 fishing boats which have no permanent place to moor at present. The proposed work includes the removal of approximately 22,000 cubic yards of gravel, silt and so on; constructing main float sixteen feet by 1,770 feet; constructing eight floats ten feet by 200 feet with moorings, constructing approach landing pier and gangway. The estimated cost for the removal of 22,000 cubic yards of gravel at eighty cents per cubic yard is $17,600; for floats, gangway and pier, $48,958; for inspection, advertising and contingencies, $442, making a total of $67,000 for that one item. We are not on the right item. I wonder if the hon. member would let this item pass and when we get to item 321—

Mr. REID: No, it is not carried at the present time. We cannot get away without saying something about what the hon. member for Nanaimo said about the Fraser river. It was nice that he said it with a smile, but that smile will not appear on *Hansard*. It was a kind of slur about what the Fraser river brings down. From what I know about his riding—and I lived there for many years—it is just what his riding needs.

Mr. PEARKES: May I suggest that the Nanaimo riding needs little free silt.

Mr. REID: Of course Nanaimo has deteriorated since I left there—because I did happen to live there for a certain number of years. But to keep the record clear, he knows very well that what the Fraser river brings down does not go farther than the middle of the gulf. You can see the line of demarcation. But it is just too bad it does not go any farther.

Having disposed of that, I should like to speak about something more practical in connection with dredges. We have operating on the Fraser river two dredges. It was news to me that there were four of them, when the minister said so a minute ago. But the two dredges operating on the Fraser river—and I think sometimes in Nanaimo and sometimes at Victoria—are not sufficient at all for the work in British Columbia.

Those dredges are forty-five or fifty years old, and they are inadequate. I should like the minister seriously to tell hon. members from British Columbia—not myself particularly, because we are all interested in the matter—when we are to have modern dredges, fit and able to keep up with the work required. I know he was presented with a large brief by the New Westminster board of trade, and they set out just what industry's position was in regard to water transportation and dredging requirements. I am not going to read into the record what these firms have said, because it will take too much time. But if the minister has read it—and I hope he has—he will realize that there is great need for modern dredges for the Fraser river.

During the period of the war a great deal of work was done by these dredges, with the result that siltation took place on the river. In many places industries were entirely blocked because, as is well known, thousands of tons of fine silt or sand come down the Fraser river every year, and are deposited at various places along the bank. If this is not taken out this year, twice as much will have to be taken out next year. Many places have become almost impassable for boats, so far as reaching the wharves is concerned.

We are years behind the time, and I would ask the minister to give some assurance that the matter of new dredges will be looked into and considered seriously—not just by saying, "Oh, well, after the session is over we will give the matter some consideration." Appeals have been made to him for the last three or four years, and we were told that the war was on. But, as the hon. member for Nanaimo has said, the war is now over, and we want to cash in by getting some results.

I would appreciate it if the minister would give us some assurance as to what will be done in the matter of dredges. I would refer, too, to the railway bridge across the Fraser river at New Westminster. Siltation has been taking place until it has become an expensive item to keep that part of the river dredged. This year it was suggested that a model be set up by the national research council, with a view to finding out what steps could or should be taken to keep that portion of the river free from silting up. It has become so serious that it would be necessary to keep a dredge working continuously at that one spot, if satisfactory results were to be obtained.

I do not know whether the minister has seen the model, but one of his engineers took me to see it in operation. I suggest that that model is in the wrong place. No man who has seen the Fraser river only once, and then has returned to Ottawa and attempts to carry out his experiments three thousand miles away,

can operate successfully. I suggest that if the minister has any say at all, so far as the national research council is concerned, he should ask that this model and the experimentation be taken out to British Columbia, so that the work could be carried on more effectively than it can be done here, so far from the coast.

Mr. CRUICKSHANK: It being so close to seven o'clock, may I call it seven o'clock?

The ACTING CHAIRMAN (Mr. Golding): The hon. member for Kootenay West.

Mr. HERRIDGE: I wish—

Mr. REID: I should have an answer in connection with this matter of dredging. Monday morning it will be forgotten.

Mr. FULTON: We will bring it up again.

Mr. FOURNIER (Hull): I have had a discussion about, not four new dredges, but one new dredge on the coast. I thought that would be a good start. We are looking into the matter and, without giving a definite assurance, I may tell the hon. member that we will consider most seriously the construction of a new dredge.

As to the silt near the bridge, and the model mentioned, I must admit I have not seen the model.

Mr. GIBSON (Comox-Alberni): It does not mean anything, anyway.

Mr. FOURNIER (Hull): I might ask the national research council if they would send the model to British Columbia.

Mr. GIBSON (Comox-Alberni): It is made out of plasticine.

Mr. FOURNIER (Hull): I am not very well acquainted with the model, or the condition of silt under the bridge. But I shall have my engineer, who showed the hon. member the model, see if it can be sent out, to help work out there.

Mr. MACKENZIE: I move that the committee rise, and report the resolution.

The ACTING CHAIRMAN (Mr. Golding): The hon. member for Kootenay West.

Mr. MACKENZIE: Mr. Chairman, I move that the committee rise, report the resolutions and ask leave to sit again.

Item stands.

Progress reported.

On motion of Mr. Mackenzie the house adjourned at 7.00 p.m.

[Mr. Reid.]

Monday, August 12, 1946

The house met at eleven o'clock.

RAILWAY COMMITTEE

Fourth report of the standing committee on railways, canals and telegraph lines—Mr. Breithaupt.

PRIVATE BILLS

SUSPENSION OF STANDING ORDER 105

Mr. RALPH MAYBANK (Winnipeg South Centre) moved:

That standing order 105, respecting the posting of private bills, be suspended for the remainder of the present session.

Motion agreed to.

FIRST READINGS—SENATE BILLS

Bill No. 375 for the relief of Mildred Cohen Share.—Mr. McGregor.

Bill No. 376 for the relief of Muriel Elizabeth Clarke Gagnon.—Mr. Maybank.

Bill No. 377 for the relief of Margaret Fern Hobbs Burns.—Mr. Maybank.

Bill No. 378 for the relief of Joseph Euclide Beaudoin.—Mr. Maybank.

Bill No. 379 for the relief of Mary Rose Ellement Boulet.—Mr. Maybank.

Bill No. 380 for the relief of Jean Stewart Lavery Martin.—Mr. Maybank.

Bill No. 381 for the relief of Catherine Edith Thompson Williamson.—Mr. Maybank.

Bill No. 382 for the relief of Joseph McCaffery.—Mr. MacLean.

Bill No. 383 for the relief of Marian Pearl Dunfield.—Mr. Maybank.

Bill No. 384 for the relief of Dollard Charest.—Mr. Maybank.

Bill No. 385 for the relief of Kerttu Helvi Helen Fascio.—Mr. Maybank.

Bill No. 386 for the relief of Anne Shacket Payne.—Mr. MacLean.

Bill No. 387 for the relief of Gaston Marcel Chapdelaine.—Mr. MacLean.

Bill No. 388 for the relief of Ross David Chartier.—Mr. Maybank.

Bill No. 389 for the relief of John Boosamra —Mr. MacLean.

Bill No. 390 for the relief of Dawz Sims.—Mr. Maybank.

QUESTIONS

(Questions answered orally are indicated by an asterisk)

INCOME TAX—MUTUAL FIRE INSURANCE COMPANIES

Mr. McMASTER:

1. Is the method stated on pages 235-238 of the report of the Royal Commission on Cooperatives the one adopted by the department in assessing and collecting income tax on mutual fire insurance companies?
2. If so, what is the authority of the minister in so assessing the said companies?

Mr. McCANN:

1. No.
2. Answered by No. 1.

REPATRIATION OF JAPANESE

Mr. MacINNIS:

1. Was one Kosho Matano, a naturalized Canadian of Japanese origin, who served in the Canadian forces in the first world war, among those repatriated to Japan this year?
2. Was he confined in the British Columbia mental hospital at the time of his departure for Japan?
3. If so, how long had he been a patient in the mental hospital?
4. Did he sign the repatriation form being circulated among those of Japanese origin?
5. If so, did an R.C.M.P. officer or constable secure his signature?
6. How many other patients of Japanese origin in the British Columbia mental hospital have been sent to Japan?
7. How many from mental hospitals in the other provinces?

Mr. MITCHELL:

1. Yes.
2. Yes.
3. Since January, 1933.
4. No.
5. No.
6. One was deported by Immigration branch; 15 went at their own request.
7. None.

Mr. STIRLING:

1. How many Japanese left Greenwood, British Columbia, for Japan (a) prior to January 1, 1946; (b) since January 1, 1946?
2. On what dates did they leave and how many were in each group?
3. Of the total, how many were (a) nationals; (b) citizens of Canada, by naturalization; (c) native born?

Mr. MITCHELL:

1. (a) 10; (b) 185.
2. 10 left for Japan August, 1943; 134 left for Japan June, 1946; 51 left for Japan August, 1946.
3. (a) 26; (b) 56; (c) 32 Canadian born 16 years of age and over; 81 Canadian born minors.

QUESTIONS PASSED AS ORDERS FOR RETURNS

A.R.P. FIRE-FIGHTING EQUIPMENT

Mr. DORION:

1. What quantity of A.R.P. fire-fighting equipment has been disposed of by the government?
2. What quantity of such equipment was sold to municipal corporations?
3. What was the sale price of such equipment?

CANADIAN-SOVIET FRIENDSHIP LEAGUE—MEETINGS IN RESEARCH COUNCIL BUILDING

Mr. HLYNKA:

1. Have any meetings been held by the Canadian-Soviet Friendship League in the auditorium of the National Research Council building during the years 1944, 1945 and 1946?
2. If so, how many and on what dates?
3. What was the subject of discussion at each of these meetings, and who presided?
4. Was there any charge for the use of the auditorium for these meetings? If so, what charges were made for each meeting and to whom was the money paid?
5. What was the name of the individual who applied for the use of the auditorium on each occasion?
6. What is the name of the official or officials responsible for renting the auditorium to the above-mentioned organization?

SUBSIDIES TO PROVINCES

Mr. REID:

What have been the total amounts given by way of assistance or subsidies to the provinces of Alberta, Manitoba and Saskatchewan in the years 1940 to 1945?

LABOUR CONDITIONS

ANNOUNCEMENT OF B.C. REGIONAL WAR LABOUR BOARD AS TO INCREASES ABOVE TEN CENTS AN HOUR

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, on Saturday the hon. member for Vancouver East (Mr. MacInnis) asked me if any direction or suggestions had gone forward from my office with respect to decisions being made by the regional war labour board of British Columbia within the limit of ten cents an hour increase. I have checked up as I promised and I can assure the hon. member that no such direction or suggestion has been advanced. It may be that the regional war labour board of British Columbia, in view of the sittings of the industrial relations committee of the House of Commons, feel that they should wait until the committee has reported to this house before making final findings and directions in some cases.

PASSPORTS

REFERENCE TO ARTICLE IN MONTREAL "GAZETTE" OF AUGUST 12

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I should like to ask the Acting Prime Minister if the item in the Montreal *Gazette* of this morning, entitled "Suspicion in false passport ring points to federal cabinet member" has been drawn to his attention, and if he has any report to make to the house in connection thereto?

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): Before I got out of bed this morning I began to have questions asked me as to what I knew about this report in the *Gazette* and its reproduction as a dispatch of the Canadian Press. Just as soon as I got to the office I started to telephone myself to others to find out if I could get any information about it. So far I have not been able to get anything that I could convey to the house. There may be something—

Mr. MacINNIS: Something in it?

Mr. ST. LAURENT:—on which the dispatch is built, but I have not yet been able to trace it. If the writer of the dispatch were to give me more precise information perhaps it would assist me in running down whatever it may be, if there is anything, around which it is written. The paper has another dispatch about a reshuffle in the cabinet, and if the one about the passports is not built on any surer foundation than that one, I do not think we need be very much concerned about it.

ARMY SUPPLIES

PRESS REPORT AS TO DISCARDING OF SHOES AND SLIPPERS—SHIRTS, TOWELS, ETC.

On the orders of the day:

Mr. GORDON GRAYDON (Peel): On Saturday I directed a question to the Minister of Reconstruction and Supply as to the disclosure of the name of the merchant or merchandiser who had left or had abandoned shoes on the dump at Point St. Charles. The minister was good enough to indicate at that time that he had already given that information. I have run down the matter as far as I can and I do not think the minister has given the information. I should be glad if he would now correct the answer he gave on Saturday.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I ran down the question myself and I found I gave the address to the press gallery representative of the Montreal *Star*. I gave it to him in writing. He had been pressing me for it and I understood it would be published. I found later that his lawyer advised him it would be very unwise for the paper to publish it and it was not published. However, I will get the name. I intended to have it this morning, but I will get it and I shall be glad to give it to the house.

EXCISE ACT

Hon. DOUGLAS ABBOTT (Acting Minister of Finance) moved the second reading of bill No. 371, to amend the Excise Act.

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

SPECIAL WAR REVENUE ACT

Hon. DOUGLAS ABBOTT (Acting Minister of Finance) moved the second reading of bill No. 372, to amend the Special War Revenue Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—"Net premiums."

Mr. MACDONNELL (Muskoka-Ontario): Will the minister be good enough to explain a little further the effect of the change from the section as it now stands.

Mr. ABBOTT: My hon. friend may recall that prior to the proposed amendment mutual insurance companies other than life insurance companies were taxed on gross premiums rather than on net. This section amends the definition in order that the same principle shall apply to that type of company as to the others which were previously taxed on a net basis.

Mr. HACKETT: I have not been able to get a copy of the bill. Does this delete as part of the premium the interest on deposits made on the premium deposit plan?

Mr. ABBOTT: I am advised that this does eliminate the interest item to which my hon. friend refers, and it puts on a net basis all companies other than life.

Mr. HACKETT: I am sorry, but I have not been able to get a copy of the bill. I know the definition of net premiums in the statute; it includes, with regard to the reciprocals and the factory mutuals, interest on amounts deposited on the premium deposit plan, which it seems to me is more in the nature of income

on capital than a premium paid for insurance. I understand from the minister that that particular part of the definition has been deleted.

Mr. ABBOTT: I understand that the same definition of net premiums applies to the deposits of mutuals as to the other mutuals under the proposed new law. I do not know whether that assists by hon. friend in appreciating the definition.

Mr. HACKETT: If that is so, I am satisfied.

Mr. ABBOTT: That is so.

Mr. SENN: I wish to ask the minister a question with regard to farmers' mutuals, which are purely mutual, where they take the premium note and assess it periodically. I suppose the total premiums are taken for the year and deductions made for losses which are sustained, and other expenses of operation, and what is left, as I understand it, is the net premium, and that is being taxed. Is that correct?

Mr. ABBOTT: I do not know exactly how these mutuals operate, but in view of the terms of my hon. friend's question I believe he is confusing income tax with premium tax. This is the tax on net premiums.

Section agreed to.

Sections 2 to 7 inclusive agreed to.

Bill reported, read the third time and passed.

CUSTOMS TARIFF

Hon. DOUGLAS ABBOTT (Acting Minister of Finance) moved the second reading of bill No. 369, to amend the customs tariff.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—Schedule "A" amended.

Mr. CASTLEDEN: In view of the fact that many hon. members have no copies of this bill, I should like to ask that it stand until hon. members have had the opportunity to see it.

Mr. ABBOTT: It was distributed on Saturday morning.

Mr. CASTLEDEN: It is not on my file.

Mr. MACDONNELL (Muskoka-Ontario): There has not been much time to study this bill. Can we take it that the items here are exactly those which were in the schedule?

Mr. ABBOTT: Yes, they are exactly the same as the ones which were discussed, as my hon. friend will recall, in some detail in committee. There is no change in the items in any respect whatever. The bill is in the usual form to amend the Customs Tariff.

Mr. SHAW: I am not sure whether it would be in order on this item to discuss the general question of tariffs which go beyond the specific items contained in the bill. I have received a complaint from a certain bus company and I cannot find any other opportunity of bringing it up except on this section of the bill. I should like to know whether I am in order.

Mr. ABBOTT: If my hon. friend had thought of it a moment ago I think it would have been in order for him to do it on the motion for second reading, but I do not think it is in order in committee. My colleague, the Minister of National Revenue, has yet to pass his estimates, and it will be in order for the hon. member for Red Deer to raise the question when these estimates are before the committee.

Mr. HACKETT: When are the estimates coming down?

Mr. MACKENZIE: As soon as the hon. member will allow us to bring them down.

Section agreed to.

Sections 2 and 3 agreed to.

On the schedule.

Mr. MacNICOL: When item 180e was before the house some time ago—I am now speaking from recollection— I believe I asked the minister whether he had any representations in opposition to the admission of engineer's plans as outlined in this item. My memory is that he said no, but he has had many since, has he not?

Mr. ABBOTT: Not many. I have had one.

Mr. MacNICOL: That particular one being from the Canadian engineering institute?

Mr. ABBOTT: I have had a representation from the Engineering Institute of Canada, Mr. Austin Wright, of Montreal, secretary, has written to me since the introduction of the resolutions and since they were passed in committee.

Mr. MacNICOL: I too have had a number of communications from Mr. Austin Wright. I received one this morning, but it is not before me at the moment. He points out that passage of this item will have a very serious effect on all that branch of Canadian engineering. As I said before, I can plainly see how it would have. I am wondering

whether the minister or the department do not now wish to change this item, or whether they have looked into it thoroughly, because as one who in past years had a great deal to do with engineering plans I can plainly see that the admission without duty of engineering plans from the United States will have a deterring effect on the expansion of Canadian engineering in this regard. Has the minister had it looked into, or is he familiar with the subject?

Mr. ABBOTT: I must say I am not as familiar with the subject as the hon. member for Davenport. I have looked into it, particularly since the discussion took place in the house and since I received the letter from Mr. Wright, the secretary of the Engineering Institute of Canada, relating to the matter. The purpose of including plans of this kind on the free list is to lower the cost of production in Canada by lowering the cost of the construction of industrial plants and the installation of machinery. It was thoroughly investigated by the tariff branch, and it is felt desirable to do this. Should it develop that it is injurious to the engineering profession in Canada it will, of course, be reconsidered, but the feeling is that it should be tested out first. In view of the investigations to which I have referred, it is felt that it is desirable to put plans of this kind on the free list, and that it will not be injurious to the profession in Canada.

Mr. MacNICOL: The minister says that the tariff board or tariff commission investigated the application of this item. Did they have before them representatives of the institute mentioned by the minister? Did they send notice to such bodies that the item was to be discussed and, if so, were any replies received?

Mr. ABBOTT: It was not as the result of a public hearing, of course, and I do not know whether or not notices were sent out, but I am told that the question was thoroughly looked into.

Mr. MacNICOL: I shall not further oppose the item at the moment, but this is something in connection with which I have had a good deal of experience, having drawn a multitude of engineering plans in certain lines. Personally I cannot see anything but disaster to certain branches of engineering in Canada through the admission to this country of engineering plans for the construction of buildings. I appreciate what certain people may have in mind, that they would like to bring in plans for a factory building duplicating one in the United States, and that they would like to bring in not only the construction plans but the engineering plans as well, but on the other hand I believe those plans should be drawn by Canadian engineers; and I say that for several reasons. Naturally in drawing their plans the United States engineers will specify certain lines of material, which in turn will be specified for the buildings being constructed in Canada. If contractors in Canada have to figure on United States material instead of Canadian material, and not only figure on it but use it in construction, as the minister can appreciate it will have a serious effect on several important firms in his own city of Montreal who make excellent engineering equipment. It is not necessary to mention them by name; they are splendid Canadian firms in the city of Montreal. If these United States engineering plans come in here specifying United States material it may have a severe effect on firms in the minister's own city. I suggest that if nothing can be done about the plans themselves, when specifications are brought in from the United States detailing American material, instructions should go out that Canadian material of equivalent manufacture and equivalent capacity be used instead. After all, the minister and I and others must think of these big cities, where there are many engineers and where they make much engineering equipment. In the minister's own city of Montreal there are many eminent engineers, and firms manufacturing excellent equipment. Would the minister care to comment on the use of Canadian material?

Mr. ABBOTT: I have taken careful note of what my hon. friend has said. He may rest assured that we shall watch the operation of this item very closely to see whether or not it has any injurious effect on the Canadian economy and the use of Canadian materials. If it has, he may be sure the item will be changed.

Mr. ISNOR: I should like to direct the minister's attention to item 703, dealing with baggage. Does this refer to the importation of luggage or baggage for resale?

Mr. ABBOTT: I am told that it does not relate to luggage brought in for resale, but only to travellers' luggage brought in under the $100 limitation which now exists.

Mr. JAENICKE: In several items, as for example the first two, there does not appear to be any change; the present rates are the same as the rates proposed according to the schedule filed on June 27. I should like to know why they are included in this amendment.

Mr. ABBOTT: I think I explained some of those when the items were considered in detail. Where there is no change in the rates, as my hon. friend points out, there is a change in the descriptive language of the item. For instance in item 1, dealing with horses, the change is the addition of "n.o.p." which means "not otherwise provided for." He will find other items where the rate of duty is the same but the item is inserted because of a change in description, perhaps a broadening of the description as contained in the tariff item.

Mr. JAENICKE: That did not show in the schedule when it was filed on June 27.

Mr. ABBOTT: The rates are the same as shown in the schedule of June 27. There has been no change in rates in this bill, no change whatever in the schedule.

Mr. McKAY: In connection with item 326k, concerning high thermal shock resisting glass parts, I should like to ask if any change has been made.

Mr. ABBOTT: The only change there was made in committee, where we dropped the words "in their own factories." Those words were contained in the item as it originally appeared in the resolution.

Mr. McKAY: Actually there has not been any change in the tariff?

Mr. ABBOTT: No change at all in the rate of duty.

Mr. McKAY: Then what is the purpose of this tariff item?

Mr. ABBOTT: I meant to say there was a change in the duty in the original resolution, but there has been no change since it was discussed in committee.

Mr. McKAY: What is the change?

Mr. ABBOTT: Formerly shock resisting glass parts of this kind were dutiable at the rate of 15 per cent. Now they are free.

Schedule agreed to.

Title agreed to.

Bill reported, read the third time and passed.

DOMINION SUCCESSION DUTY ACT

Hon. DOUGLAS ABBOTT (Acting Minister of Finance) moved the second reading of bill No. 373, to amend the Dominion Succession Duty Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—Substituted first schedule.

Mr. DIEFENBAKER: I wish to bring to the attention of the minister a question in connection with a situation which arises frequently, particularly in respect of smaller estates where an executor designate or an applicant for administration finds it impossible, owing to financial difficulties, to make payment of succession duties even though there are moneys in the bank. I offer to the minister a suggestion which comes from two or three sources. One of these, Mr. H. E. Keown, K.C., is a bencher of the law society of Saskatchewan. If the suggestion made here were adopted it would help materially an executor designate or an applicant for administration. I shall read from the letter, because I feel it sets out the facts more clearly than I could hope to do:

> Where there is a bank account the executor, after the application for letters probate or administration have been filed, is unable to issue a cheque until the necessary release is received from the dominion succession duty department. I take the position that succession duty due, either to the dominion or the province, is a first charge against the estate and should be paid.
>
> My practice has been to have the executor or administrator issue a cheque on the bank account payable to the department, forward the cheque to the department asking them to send the necessary release to deposit with the bank and hold the cheque a day or two. However, it usually works out that the release has not been received by the time the cheque comes through and the bank then returns the cheque unpaid, which causes considerable inconvenience.

This gentleman suggests that in order to improve the process of collection of succession duties a change be made, either by amendment to the act or by regulation, whereby an executor or administrator could issue the necessary cheque for payment, either to the dominion or to the province, or to both, notwithstanding the fact that the release had not been received from the respective departments. I do not think there is anything in the suggestion which would interfere with the routine practice, and I believe it would be beneficial to executors designate and applicants for administration.

Mr. ABBOTT: I thank the hon. member for his suggestion. It does sound like a matter which could be handled administratively, as he has suggested, without amendment to the law. I am not sufficiently familiar with the practice in the common law provinces to know what is done in connection with an executor designate. But in my own province we often do adopt a practice somewhat similar to the one suggested. We arrange with the provincial succession duties office to take a cheque in payment of succession duties, the cheque being issued on the bank account be-

fore complete returns have been filed, and before the general waivers have been issued. The practice there is to give authorization to the bank to pay that cheque. In some cases where preliminary returns can be filed, if it is thought desirable to do so they will even release some other assets.

I am pleased to have my hon. friend's suggestion. My colleague the Minister of National Revenue has followed it closely. The matter will be discussed with departmental officials to see whether or not it would be practicable to arrange the administrative regulations so as to permit what the hon. member has suggested.

Mr. MacNICOL: Would an estate, part of which is in Maryland and part in Ontario, have to pay four separate succesion duties, namely to the dominion, to Ontario, to Maryland and to the United States?

Mr. ABBOTT: That is possible. The liability for succession duties depends both upon the situs of the assets and the domicile of the deceased at the time of death. The estate of a man who dies in Ontario would be liable for succession duties on all assets wherever situate, both for dominion and for provincial succession duty purposes. He can take credit for certain duties paid abroad, I understand; and my colleague the Minister of National Revenue informs me that under the tax agreement with the United States the estate would be able to take credit for duties paid to the United States, thereby to some extent eliminating double succession duties.

Mr. LOW: Has an agreement been reached with the old country in this respect?

Mr. ABBOTT: I believe it was approved in the house a few days ago.

Mr. MACDONNELL (Muskoka-Ontario): Is the minister satisfied with the word "successor", a word which I do not believe is familiar in the common law? Is the word sufficiently defined to be familiar to the courts?

Mr. ABBOTT: The word "successor" is defined in the interpretation section of the Dominion Succession Duty Act, and I believe has been in the act since it was adopted. I have not given any special consideration from the legal point of view to the question whether the term is or is not appropriate. It is defined in paragraph (n) as follows: "'successor' means the person entitled under a succession." Then the word "succession" is defined at considerable length.

Section agreed to.

On section 2—Allowable deductions.

[Mr. Abbott.]

Mr. FULTON: Has any effect been given to the suggestion made by the hon. member for Vancouver South on July 26, when the resolutions were being discussed, following which the minister said he would give the matter consideration? I cannot tell offhand from looking at the bill whether consideration has been given to it.

Mr. ABBOTT: I had intended making a statement, but I saw the hon. member for Vancouver South was not in the house. When the resolutions on which this bill is based were before the committee the hon. member for Vancouver South suggested that double rates should apply only in those provinces which consented to give up their succession duties, and that the present rates continue in force in those provinces which had not by agreement given up those duties. At that time I told the hon. member that I would explore his suggestion.

Upon looking into the matter I find that his suggestion was considered prior to the making of the offer to the provinces, but that it could not be adopted since it meant that the dominion law would not be uniform in application in all parts of Canada. I think hon. members will agree it would be highly improper under a dominion statute to levy one set of rates of duties for application in some provinces and a different set of rates for application in others. For this reason it was felt the hon. member's suggestion was not one which could be adopted.

Mr. FULTON: I do not think anyone will disagree with the suggestion that it would be unfair or inadvisable to levy different sets of rates. But could not the matter be taken care of by making a differential in the amount to be deducted? The act as it stands at present allows a successor to deduct from duties otherwise payable either the amount he pays to the provinces or fifty per cent of the duty otherwise payable, which ever is the lesser. It seems to me a third paragraph could be inserted providing that if the effect of the preceding two paragraphs is that a successor will now have to pay more duty than he would before the act came into force, he shall be allowed to deduct an amount so as to equalize his tax with that paid in the other provinces, or with that previously paid. Then the minister would be applying a uniform rate, and simply varying the amount of deduction.

Mr. ABBOTT: I do not know whether I am quite right in this, but it seems to me the suggestion the hon. member is putting forward would be that in some provinces a man would be entitled to deduct a fixed amount,

say up to fifty per cent of the dominion tax, whether he had paid it to the province or not. It seems to me it is clear that that would result in a person in one province paying a lesser sum than one in another.

Mr. FULTON: I was not referring to the question whether it was paid or not. If the effect of this bill is that the total tax to the successor both dominion and provincial, will be increased, then he should be allowed to make a larger deduction from the amount of the dominion tax than in the other province where the net result is different. In other words, if you had a uniform scale of rates it would simply allow the deductions to follow.

Mr. ABBOTT: I think it would have exactly the effect I indicated a moment ago. If my hon. friend will reduce it to a concrete case I think he will see my point. Assuming that the dominion tax would be $200, the provincial tax would be $100, making a total of $300—that is as things stand now. If the dominion is doubling its rates the new dominion tax would be $400 while the tax in the province would still remain at $100. Under the proposed law he would be entitled to deduct from his dominion tax of $400 either the amount he has paid in the province or fifty per cent of the dominion tax, whichever is the lesser. In that case he would deduct $100 and his net dominion tax would be $300, the provincial tax remaining at $100. He would be paying the same tax as the man in another province whose dominion tax was $400.

Section agreed to.

Section 3 agreed to.

On the schedule.

Mr. PROBE: Perhaps the question I intend to ask will show my ignorance of succession duties generally, but I am happy to have that happen if I can obtain an answer. The schedule of rates shown here strikes me as being exceedingly generous to the person who receives an estate. Where a person receives an estate or a sum of money as a result of a bequest is there any tax levied by the federal government in addition to the regular succession duty tax? In the case of a $35,000 estate, a class A beneficiary would pay a tax of six per cent, which would amount to $2,100; then the rates for other classes of beneficiary go up slightly but none of them seems to be too burdensome when an estate of that magnitude is passed. Is that property or money also subject to some other tax?

Mr. ABBOTT: This is a capital amount received as a result of succession. My hon. friend has referred to an estate of $35,000. Such an estate left by a young or middle aged professional man might represent life insurance being left to his widow. It would represent his savings over a period of years and it is left to his widow and children to help take them over the rest of their lives. That estate would pay the tax indicated here, but the income in the form of dividends or whatever it is would be subject to income tax from the date of the man's death. The capital levy, if I may call it that, is the succession duty tax which is paid following the death of the deceased.

Mr. PROBE: The minister has taken the most compassionate case; that of an immediate widow.

Mr. IRVINE: Take the $5,000,000 one.

Mr. PROBE: I will still stick with this $35,000 estate; that is big enough for me to discuss. I am prepared to concede that there is a case for the widow, but the utter stranger, who would be considered a class D beneficiary, pays only ten per cent, so his capital accretion would be $31,500 net. There would be no further tax on that net amount except as it produces income.

Mr. ABBOTT: That is right. Of course when he dies it goes through the same process again if it is still there.

Mr. PROBE: When we think of an eight per cent sales tax on a number of modest commodity purchases and compare it with a ten per cent tax paid by a class D beneficiary, it does not seem sufficient.

Mr. ABBOTT: When my hon. friend talks about sales tax he is talking about a current transaction, but this $35,000 may represent the residence of the deceased or it may include other assets. It is seldom that you will find an estate made up only of cash. My hon. friend may have some good farms out around Saskatchewan that are worth $35,000, and sometimes it is not too easy for a successor to find $2,500 or $3,000 in cash to pay the succession duty on a farm. It covers all types of assets.

Mr. PROBE: Whether it was a western farm or an eastern estate would not change the argument as far as I am concerned, because I think the principle is identical. It seems to me that the class D beneficiary is getting a reasonable hand-out at a time when we are looking for sources of revenue. Here is a chance to get in a most painless manner, revenue that the federal government requires.

Mr. JACKMAN: That will be good in the next campaign.

Mr. PROBE: This is not a campaign.

Mr. JACKMAN: Where do you get that hand-out stuff?

Mr. PROBE: Besides providing a painless method of collecting a tax, there is a measure of justice in it of which the hon. member over here who keeps interrupting has not the slightest conception. I did not ask him to make a speech, and I want to have my little say. I am simply trying to point out that when a stranger receives a bequest, as a class D beneficiary he is entitled to contribute a larger sum to the national revenue than the ten per cent provided by this bill.

Mr. FULTON: I should like to revert to the matter we were discussing before, because it is a little difficult to follow. It seems to me that according to the figures the minister gave this man is going to have to pay another $100 duty because he can deduct only the lesser of the alternatives. If the previous dominion tax was $200 with a provincial tax of $100, he paid $300. If the dominion duty goes up to $400 and the provincial tax is $100, he pays $500. He can deduct only the lesser of half the dominion tax or the provincial, so he could deduct only $100 which would mean that he is paying $400 whereas before he had to pay only $300.

Mr. ABBOTT: He deducts from his dominion tax the $100 he pays to the province; that is a tax credit.

Mr. FULTON: He pays $300 to the dominion but he pays $100 to the province.

Mr. ABBOTT: He pays $400 altogether.

Mr. FULTON: Whereas previously he paid $300.

Mr. ABBOTT: He paid $300 before the dominion raised its rates.

Mr. FULTON: I understood the intention was to try to keep the total tax the same. I suggest that that could be done by eliminating the words "lesser of" so as to allow him to deduct half of the increase in the dominion duties.

Mr. ABBOTT: My hon. friend's suggestion in effect would be that there should be no limit. Under what he is proposing the provinces could increase their taxes up to our double rates and then we would get nothing.

Schedule agreed to.

Bill reported, read the third time and passed.

EXCESS PROFITS TAX ACT

Hon. DOUGLAS ABBOTT (Acting Minister of Finance) moved the second reading of bill No. 370, to amend the Excess Profits Tax Act, 1940.

[Mr. Probe.]

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—Corporations and persons liable to tax.

Mr. ABBOTT: Perhaps a word of explanation would be useful. This bill does three things: it eliminates the flat rate of excess profits tax and incorporates it with the corporation tax, it removes partnerships and sole proprietors from the operation of the Excess Profits Tax Act, and it reduces from 20 to 15 per cent the rate of tax payable on profits in excess of 116⅔ of standard. The other changes are incidental to accomplishing these purposes.

Mr. MACDONNELL (Muskoka-Ontario): I am not quite sure that I have read this correctly, but unless there is an explanation which does not occur to me, the effect of this section is to do away with the minimum of $5,000 which was incorporated last autumn. What is the reason for that? I am looking now at the act of 1945, section 3, subsection 2.

Mr. ABBOTT: There is no change in substance in the act in that respect. Perhaps there may be some confusion in numbering the section.

Mr. MACDONNELL (Muskoka-Ontario): What I am referring to is printed in the explanatory notes, at the bottom, opposite the first page.

Mr. ABBOTT: The subsection 2 to which my hon. friend refers no longer operates. That section was introduced to prevent the 22 per cent fixed rate under the Excess Profits Tax Act from operating to reduce the taxable profit of a taxpayer below $5,000. Since the 22 per cent rate is being repealed, the section becomes no longer necessary. It was a sort of saving section, if my hon. friend appreciates that, to prevent the Excess Profits Tax Act from operating to reduce the tax below $5,000.

Mr. MACDONNELL (Muskoka-Ontario): I think I follow the answer; nevertheless was there not a broader intention of establishing this $5,000 as a minimum in itself, not merely with regard to that part of the Excess Profits Tax Act which, I appreciate, is now altered? May I draw the minister's attention to these words—reading now from subsection 2:

(2) The aggregate of the taxes exigible under paragraph two of the first part of the second schedule to this act and under the Income War Tax Act shall in no case operate—

Mr. ABBOTT: Yes, but shall in no case operate—

—to reduce the profits of a taxpayer below the amount to which they would be reduced by the aggregate of the taxes exigible under paragraph one of the said first part and under the Income War Tax Act . . .

It is simply to prevent the tax under paragraph 2 of the first part of the second schedule operating to reduce the profits below what I might refer to as the standard amount. It is a little complex, I know, but, having eliminated the 22 per cent tax I am assured that this section becomes no longer necessary, and the position of the corporation which earns up to $5,000 is not prejudiced by this amendment.

Mr. MACDONNELL (Muskoka-Ontario): I am sorry to be so persistent. I want to put the matter once again, and here is where I may be wrong. As I read this, it said in terms that this limit should be preserved, should not fall below this $5,000, whether under the operation of the 100 per cent of the first part or under the Income War Tax Act. Am I right in thinking that that says in effect that a man's $5,000 shall be the minimum below which the profits shall not go no matter which tax applies, and if you take that off, will he not be able to go below the $5,000 under the ordinary operation?

Mr. ABBOTT: Has my hon. friend read the first part of the second schedule of the Excess Profits Tax Act? Perhaps I had better read it to make the point clear:

Where the profits of a corporation or joint stock company in the taxation year before deduction therefrom of any tax paid thereon under the Income War Tax Act or any payment to a shareholder by way of salary, interest or otherwise, are five thousand dollars or less, twelve per centum of the profits before deduction therefrom of any tax paid under the Income War Tax Act, except in the case of a taxpayer referred to in subparagraph (b) of paragraph two of this part.

Mr. MACDONNELL (Muskoka-Ontario): I cannot quite get the point my hon. friend is making. If the minister will say that the position of the man with the minimum of $5,000 is still protected as it was, I think that meets my point.

Mr. ABBOTT: I am advised that by reason of the amendments to the act there is nothing to protect him against in the sense that we needed to protect him before the present rate changes in that law were made. While the existing rates were still in effect, he would have been subject to the flat rate of 22 per cent and 18 per cent.

Mr. JACKMAN: I do not understand very much about it either. Is it true that the man doing $5,000 worth of business was protected against the excess profits tax under existing statutes, so that his tax was not more than eighteen per cent?

Mr. ABBOTT: That is right. He paid 18 per cent and then was protected against part of the 22 per cent.

Mr. JACKMAN: They protected the small man. Now, with the changes we are making, the normal corporation tax being 30 per cent, the little man who has a $5,000 a year business no longer has protection as to that 30 per cent. He will be taxed at least 30 per cent now, which puts him in a worse position than before, when he was taxed only 18 per cent, that being the limit.

Mr. ABBOTT: He paid 30 per cent before. He did not pay the 22 per cent, but the 12 per cent. I am sorry the deputy minister of taxation is not here. He could supply the answer at once.

Mr. JACKMAN: I thought the bracket had been raised the previous year to $15,000, or $12,500.

Mr. ABBOTT: Yes, but standard profits are still at $15,000. There is a limit of $15,000. Below $15,000 there is no application of the special tax on excess profits.

Mr. JACKMAN: That is the way it stands now.

Mr. ABBOTT: That still stands at $15,000, so that the $5,000 man was not subject to tax on excess profits before. He is not subject to it now, and he will continue to pay the rate of tax he paid under the income war tax act.

Mr. JACKMAN: Thirty per cent?

Mr. ABBOTT: This proviso was put in to protect that same man against a part of the flat rate tax of 22 per cent. That has been repealed so that he no longer needs that protection.

Mr. MACDONNELL (Muskoka-Ontario): Nevertheless has he not gone up from 18 to 30?

Mr. ABBOTT: But he paid that even under the protecting section, under part 1 of the second schedule. He paid 12 per cent under the first part of the second schedule, but was protected against paying 10 per cent of the 22 per cent under paragraph 2. He always paid 30 per cent.

Mr. MACDONNELL (Muskoka-Ontario): In other words—

Mr. ABBOTT: The statement I made was correct. He was protected against paying the 22 per cent, or against paying the 100 per cent

excess profits under the second part of the second schedule, but he always paid the 12 per cent under paragraph 1 of the same schedule, so his effective rate was the old rate of 18 per cent plus 12 per cent. Now we have repealed the 22 per cent. This proviso was put in to protect him against part of that. He was already protected against the 100 per cent by the amendment which raised the ceiling of profits to $15,000 for small businesses, and in the result, when this amendment passes, his position will be exactly as it has been for the last two years.

Mr. MACDONNELL (Muskoka-Ontario): It seems to me, if it is as I understand it now, that before, and as the section had stood, he paid 12 per cent of the 22 per cent. In other words, he was paying 30 per cent. If that is so, I am answered.

Mr. ABBOTT: That sums it up.

Section agreed to.

Sections 2 to 4 inclusive agreed to.

On section 5—Second schedule.

Mr. JACKMAN: On section 5, which is the substance of the bill, I have on two different occasions made an argument to which the minister—not the acting minister—gave a reply which in my opinion was fallacious, and I quoted both my argument and the minister's contention when the acting minister had the resolutions in front of him. To refresh his memory, I may say that my argument is that the excess profits tax of 15 per cent is very detrimental to business and employment in this country because of the invidious comparison of taxation of business in Canada with taxation in the United States particularly. I do not know whether I need to rehearse the various points with the minister. He may have them in his mind. Succinctly, however, the situation is this. Our tax on business is 30 per cent plus 5 per cent for the provinces, and if your business volume is large, as most businesses are, there is a 15 per cent excess profits tax, making our rate 50 per cent as against the United States rate on larger corporations—it is less on smaller businesses—of 38 per cent. The Minister of Finance, winding up the budget debate, after quoting the figures I had given, made this statement at page 3596:

> But taking the tax over the whole range of their business,—

Speaking of Canadians.

> —they will have to have very large excess profits indeed for their excess profits tax and their corporation tax to be greater than 38 per cent plus state taxes in the United States.
>
> [Mr. Abbott.]

Then he said:

> What therefore becomes of this argument that by our short-sighted, ignorant way of taxing corporations we are going to drive manufacturing business from Canada to the United States?

No answer was given by the acting minister when I contended that the position taken by the Minister of Finance was most fallacious. The minister said, taking the tax over the whole range of their business, there was not an unfair comparison with the American tax. It seemed to me that that was very much like telling the working man who refused to work on Fridays, or more particularly on Saturdays, because he got into a higher bracket, that his average rate was not at all bad, only five or six per cent. That was not what interested the working man. What concerned him was that his tax on Friday or Saturday was 25, 30 or 40 per cent. In the same way, businesses—and I mention particularly American companies that have tremendous investments in branch plants in Canada, amounting to hundreds of millions of dollars—would find, as far as their export business was concerned, that it would be more profitable to do that export business from their American plants where the retainable profit was greater than it was if they did the business from their Canadian branches. The minister's contention that the average rate of profit was the one that determined the question has nothing to do with the matter, as I see it. If our rate is 50 per cent in the taxation of business in the excess profits tax class, whereas in the United States there is no excess profits tax and the rate is 38 per cent, or one or two per cent more, allowing for state tax, if there is any—I have not heard of any—then it will certainly have a deterrent effect on Canadian business. Therefore the provision of this excess profits tax is to my mind in direct contradiction to many of the government's policies.

The government is spending a great deal of money in advertising through the Department of Trade and Commerce; it has representatives abroad, and there is a great deal of money entailed in the Exports Credits Insurance Act. We are appropriating hundreds of millions, in fact billions, in order to give credits to other countries to buy our goods. We are spending money on the Canadian Commercial Corporation—$10,000,000 I believe—for the purpose of developing our trade, and we have similar items in connection with the Canadian information service, all of which, as part of their purpose, are intended to develop our trade. Yet we find the enterprising manufacturer placed under a competitive handicap, and export business is largely lost to a great

many concerns, particularly where the alternative is to manufacture either in the United States or in Canada. I mentioned a Canadian manufacturer who was developing some business in Newfoundland. He found that he lost out to a United States firm because that firm had more retainable profit and could quote a lower price on the product. Therefore the government is working at cross purposes with itself in keeping this tax and at the same time trying to develop the export business of the country. It indicates to those of us who should approach this subject with an open mind that there is a complete lack of business experience in the Department of Finance or on the part of those who are advising the government on these matters. It also indicates that the present administration do not do as some other Liberal administrations did, namely, consult with business men, even of their own political persuasion, and find out exactly how some of these tax laws would affect business and employment.

At the present time Canada has a wonderful opportunity of developing export business, because so few countries are in the fortunate position, as we are, of being able to offer goods in the export market. But our government does not seek practical advice on these matters and has little or no practical experience in the field; they are muffing the ball. They are nothing but football strategists who never saw a playing field or even a dressing-room, but live in the ivory tower of the club-house. I should be pleased if the minister would answer my argument.

Mr. ABBOTT: I do not think there is anything I can add to the statement I made the other day, Mr. Chairman.

Mr. JACKMAN: The minister says there is nothing he can add to what he said the other day. But he did not even start the other day. Add nothing to nothing and you still have nothing.

Mr. ABBOTT: That is what my hon. friend thinks; I thought it was a pretty good answer. Opinions differ on that.

Mr. JACKMAN: What was a pretty good answer?

Mr. ABBOTT: The average rate.

Mr. JACKMAN: It is not the average rate which interests the ordinary person; it is the rate of taxation on the last unit of business you have under consideration. That is what you are considering. If the minister will be good enough to listen to me for a moment I shall tell him again. It is exactly the position in which the workman finds himself in regard to Saturdays. The government may say that the average tax on the workman is five or ten per cent, but he will say: "It is my business; I can see right away that the tax on the Saturday's business is twenty-five or thirty-five per cent." It is exactly the same way here; the business will not be done in Canada, and if we are faced with unemployment in the future it will be directly traceable to this government's action.

Mr. ABBOTT: That is a matter of opinion. This tax relates only to companies whose profits run over 116⅔ of their standard during the standard period.

Mr. JACKMAN: With the present national income any good company should earn more than its standard.

Mr. ABBOTT: It is a fifteen per cent tax on the excess, and I do not believe it will deter any up-and-coming concern from going ahead and doing all the business it can and making all the profits it can, although my hon. friend may think it will.

Mr. JACKMAN: That is exactly the point. I want to give the up-and-coming concern a fair competitive break in this country.

Mr. ABBOTT: So do I.

Mr. JACKMAN: If there are plants in the United States and Canada the business is going to be done where the greater retainable profit is. An up-and-coming concern, which was probably a friend of the acting minister, was in a position to do business in Newfoundland, but because its retainable profit was less than that of the United States concern, the United States concern could quote a lower price and took the business away from our own people.

Section agreed to.

Sction 6 agreed to.

Bill reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF PUBLIC WORKS

Chief engineer's branch—Dredging—
302. British Columbia and Yukon, $386,080.

Mr. CRUICKSHANK: I am sorry I was not here on Saturday afternoon when this item was discussed. I understand the hon. member for New Westminster spoke on dredging, and I wish to concur in everything he said. So far as the Fraser river is concerned conditions have changed owing to the fact that the surrounding territory is all logged

out. Because of that there is a much quicker run-off of water than used to be the case years ago. The dredge used out there is thirty or forty years old. It is supposed to take care of the whole Fraser river, including the finest fresh water stretch in the Dominion of Canada, that around New Westminster. The present dredge cannot possibly look after the Westminster area alone, quite apart from the whole Fraser valley. The farmers are in danger because the Department of Public Works are unable to keep the channel open. In addition the vast investment in the Canadian National Railways is endangered because the line may go out at any time owing to the floods. If that happens it will be a serious matter in the Fraser river valley, the New Westminster district and the whole of Canada.

In spite of the fact that the government says it is not the duty of the federal department, I think it is unreasonable to expect the local districts to look after the river banks and erosion. It might have been all right forty years ago to say that it was a local matter; but conditions have changed and each year we are losing a tremendous amount of earth and farms into the river through erosion. Earth and silt are clogging up the channel. I understand that the federal department is responsible for navigation channels. But the act which gave them that authority was drawn many years ago, and conditions in that respect also have changed. The reason we have so much erosion is that the channels are not kept open. In the Fraser river there are many places where sandbars have closed the channels. Years ago boats could cross over these places, but now you can wade across in rubber boots. That should be obvious even to the Department of Public Works.

As far as dredging is concerned, I want to support what was said by the hon. member for New Westminster. The present dredge is entirely inadequate, and it is time the federal department gave an order for a new modern dredge. I understand there is one down in the Columbia district which should serve as an example of the class and size of dredge we need. I want to urge the minister not to wait until the Canadian National is put out of business before something is done. Some years ago the dike at Matsqui broke, and for forty-eight hours the railway was out of action and the city of Vancouver was cut off. We all hope there may never be another war, but suppose that had happened during the war period, when we were rushing supplies not only to Canadian and British forces on the Pacific coast but also to American forces, who as far as that area was concerned received most of their supplies over the Canadian National. What would have happened if the dike had gone out then? I hope there will be no more wars, though I doubt it very much, but look at it in a broad sense; if that should happen what would be the result? In addition, the city of Vancouver and the people of British Columbia are entitled to some consideration, since Vancouver is our only Pacific port of any importance, and the possibility that it might be cut off is a serious matter to the business men there. My friends of the stock exchange in Toronto talked a long time about $3.20 or something in regard to the gold market. We are entitled to talk about the few industries we have in British Columbia, and surely this government cannot afford to risk the possibility of having those industries cut off and men thrown out of work, when that possibility may be avoided by doing a very little dredging. I am not an engineer, but I think the solution to the problem of erosion, at least, is dredging the channel properly.

Unfortunately I did not hear the remarks of the hon. member for Nanaimo on Saturday, but I understand he made reference to some filth in the Fraser river. I am glad the hon. member for New Westminster was here; he could be depended upon to do something about it; but the only time water runs uphill, as far as I know, it when the filth from the other side comes up the Fraser river. We have no filth coming down the Fraser river. Not knowing what the hon. member said I cannot very well reply, but I am sure my colleague from New Westminster gave a good answer. Any filth we have in the Fraser river would be going to the proper depository if it went across the channel.

Mr. HERRIDGE: I want to make similar complaints about a much more important river than the Fraser; I refer to the Columbia river that flows from the Big Bend country to the north of my constituency, south into the United States. We have had steamer navigation on the river to my knowledge for something over fifty years. In the early years of this century the dominion government undertook an extensive dredging programme to aid navigation between the upper and lower Arrow lakes, and to permit steamers to land at the docks at Arrowhead. In those years we had a very small population, possibly only two or three hundred people in a distance of 150 miles. Later the population grew considerably, and we had an all-year boat service from one end of the lakes to the other. Dredging operations were later curtailed, and to-day, with a greatly increased popula-

tion, with much greater activity in farming and lumbering, we only have through service from about the end of April until the beginning of November, owing to the fact that the expenditure on dredging has been limited. As a result, at low water steamers cannot go between the upper and lower lakes. I suggest to the minister that he provides a larger appropriation in order to keep open the channel between the upper and lower Arrow lakes, and in addition I should like to draw to his attention the fact that silt from the Columbia entering the upper Arrow lake is deposited in large quantities on bars around the mouth of the river and the wharf at Arrowhead. I suggest to the minister, and I have had this advice from skippers who have operated on the lakes for a number of years, that a considerable portion of the expense of dredging around the wharf at Arrowhead, and possibly a portion of the bar at the mouth of the Columbia river, could be avoided if the department could get the Canadian Pacific to move their dock at Arrowhead some three hundred yards to the east, where there is deep water, and the area is never silted up.

I do not suggest that we should have a new or larger dredge on the Columbia, because we all realize that within the next few years we may have immense developments in that area which will completely change the situation. But I do ask the minister to give consideration to an increased appropriation for dredging, particularly between the upper and lower Arrow lakes, because when the season is curtailed and we do not have through steamer traffic it is a great handicap and inconvenience to the whole district. I should like to know what is the appropriation for dredging this year.

Hon. ALPHONSE FOURNIER (Minister of Public Works): I want to congratulate the hon. member for Fraser Valley on the way he told the committee of the need for dredging in the Fraser river. I told the hon. member for New Westminster on Saturday that we were considering purchasing or building a new dredge for that river, and my officials are actively looking into the matter now. We hope to come to some decision in the near future. As to dredging the Columbia river, I understand a commission has been appointed, on which are representatives of the United States and Canadian governments, to study the situation described by the hon. member for Kootenay West. One of the outstanding engineers of my department, Mr. Goodspeed, is on that commission, and we are expecting a report in the near future. The hon. gentleman may rest assured that we shall do our utmost to carry out their recommendations.

Item agreed to.

Chief engineer's branch—Dredging—
303. New dredge for great lakes (revote $50,000), $162,000.

Mr. SENN: Earlier in the session I asked the minister to send one of his inspectors down to the mouth of Nanticoke creek—that is in Ontario; perhaps I am out of order in asking this question—to see whether some dredging could not be done to help the fishermen there. Would the minister say whether anything has been done, or if anything is contemplated?

Mr. FOURNIER (Hull): As soon as the hon. member spoke to me about this dredging I instructed the officials to send an engineer to that point to make a report on the feasibility and possibility of doing this work. As yet I have not received the report, but as soon as I do I shall let my hon. friend know the conclusion. This vote is for a new dredge we are putting on to expand dredging on lake Ontario.

Mr. SENN: May I ask the minister to see to it that the report is made and, if it is favourable, to act upon it?

Mr. FOURNIER (Hull): Oh, yes. I think under the general vote we shall have funds to do the work if it is necessary.

Mr. ROSS (St. Paul's): Is this dredge for any particular part of the great lakes?

Mr. FOURNIER (Hull): It is for lake Ontario.

Mr. JACKMAN: If I may direct a question concerning item 301, which is for dredging in Manitoba, is any part of that money to be spent in the harbour of Churchill?

Mr. FOURNIER (Hull): No. Churchill is a national harbour and does not come under public works.

Mr. ROSS (St. Paul's): What type of dredge is this?

Mr. FOURNIER (Hull): A dipper dredge.

Item agreed to.

Chief engineer's branch—Maintenance and operation of roads and bridges—
313. Generally, $65,000.

Mr. GRAYDON: I have been seeking some item upon which I might bring to the attention of the minister a matter of some importance, and it seems to me that this is the appropriate item. My observations

shall not be directed to the inclusion in the estimates of a certain sum of money, but rather to a matter which the minister has had before him, and one to which I believe the department feels its jurisdiction does not extend.

Along the shores of lake Ontario, and I fancy the same would apply to the shore lines along others of the great lakes, a considerable degree of erosion has taken place within the last few years. Many newspapers and other publications have carried news items and pictures showing the serious degree to which this erosion has developed in the great lakes area. While there seems to be some difference of opinion as to the cause of this condition, there is a feeling in the Port Credit area, and at points lying along the shore line of Peel county, that it comes from an artificial diversion or change made at points nearer the headwaters. In my part of Ontario this condition of erosion has reached serious proportions. Many of the residents in the south portions of Peel find that those parts of their properties abutting the lake have been worn away, and the foundation of their homes endangered thereby.

I have made an appeal to the minister privately, and received the courteous consideration one would expect from him. I would ask him now however to consider the responsibility of the federal government in respect of this problem. If the experience in other parts of Canada is similar to that which we have had, the loss must run into many millions of dollars in the great lakes area.

Local authorities have attempted to relieve the situation by various means, but in many cases the projects overreach the financial ability of the municipalities to pay. I would ask the minister to see if the department can do something to help. My only regret is that the minister has not been able to visit that part of Ontario to see what the condition is, because I know if he did see it he would consider it most serious. He knows, of course, that no matter what be the occasion for his visit, he would be a most welcome visitor in that part of the country at any time—as indeed the Minister of Veterans Affairs has been on many occasions. I suggest that departmental officials, and if possible the minister, ought to visit the area to see what is happening, having in mind the possibility of extending the dominion's jurisdiction to relieve the suffering and loss that is now being sustained.

Mr. FOURNIER (Hull): The condition of erosion along lake Ontario, as well as other lakes and rivers in Canada, has become serious. We are willing to admit that in the Department of Public Works. Speaking generally, two kinds of protection works would be studied by my department, under the first of which we admit responsibility by stating that the erosion has been caused by some works or act of the federal government. In cases of that kind, on both coasts and along the shores of rivers and lakes, we do a considerable amount of protection work. The second type of erosion, which arises from natural causes, and has not arisen from anything done by the federal government, is not generally accepted as a federal problem.

I believe that in 1932 the government did in a general vote, and for the purpose of relieving unemployment in years of depression, spend moneys on this second type of work. The vote, which was originally under the Department of Labour, was transferred to the Department of Public Works, and the result was that in each province we undertook protective works.

I do not believe there is any subject which causes so much correspondence in our department as requests for protection works. The policy of the government is to assume what we believe to be our responsibility, and to do those works. Other works would seem to come more under provincial or municipal authorities. As the hon. member for Peel has said, in some instances the damage is so great that the local authorities cannot meet the needs. I cannot say that at this session, even in the supplementary estimates, I can get an amount for protection works of that kind. As time goes on we are making a serious study in the hope that we shall have an amount of money to relieve the most pressing cases, or to conduct works at points where the most damage has been done by erosion. I would not wish, however, to have people hoping too much that I shall succeed in getting money for that purpose. When we make demands for our estimates we are bound to stay within our jurisdiction, and unless there is a general consensus in the house that the federal government should undertake these works, I should imagine that condition would continue. If we ever did undertake them we would have to spend millions upon millions of dollars on works which up to the present have never been recognized as our responsibility.

I sympathize with the hon. member for Peel and with many other hon. members. Indeed I do not think there are ten members in the house who have not in their own ridings suffered damage from erosion of this kind. If there were a vote for this type of damage, undoubtedly there is not a township along the

Ottawa river which would not have a claim for some kind of protection work, to protect the property of people along its shores. To make any change in policy would be a most serious decision, especially this year when I have been asked to curtail all expenses not considered absolutely necessary for the upkeep and maintenance of works actually under our control.

Mr. MacNICOL: I should like to add a word to what has been said by the hon. member for Peel. He is perhaps the first member who has brought before the house something which I predicted years ago was going to happen. I am sorry to say that I fear this government is confronting the necessity of fighting thousands and upon thousands of damage actions through riparian rights which have been or may be destroyed. As my hon. friend has said, erosion has occurred, and I am going to give the minister the cause. You must consider the cause when you start negotiating about these matters. Perhaps the minister will remember that a bill passed this house a few years ago permitting a diversion of water in northern Ontario of 5,200 cubic feet per second from the Albany river watershed to the St. Lawrence river watershed. At that time Chicago had been taking perhaps 10,000 cubic feet per second from lake Michigan, and there was an argument advanced that the levels of the great lakes would be maintained by this diversion from the Albany river watershed to the St. Lawrence river watershed. However, since that time the United States government has had the diversion at Chicago reduced to 1,500 cubic feet per second in accordance with a United States supreme court order. In order to check my figures I wrote to the chief engineer at Chicago a few days ago to inquire what was being taken out of lake Michigan at the present time, and he replied that they were taking 1,500 cubic feet per second.

As I said a moment ago, we are diverting into the St. Lawrence river watershed 5,200 cubic feet per second which God Almighty never intended should go into that watershed. If we deduct the 1,500 cubic feet being taken out at Chicago, we find that an additional 3,700 cubic feet are pouring into the great lakes watershed every second in the year. The farmers along the whole lake front in Ontario will have a right to sue this government and the Ontario government for any destruction of their property as the result of this diversion. I fear it will not be long until every farmer along the shores of lake Ontario, lake Erie, lake Huron and Georgian Bay, and on the American side as well as on our side, will be suing the governments because of loss of riparian rights. A total of 3,700 cubic feet is pouring into this watershed every second and the water levels have been raised. I looked at the record of the levels this morning, not anticipating that this vote would be discussed, and I find that the general levels in these lakes have risen until they are not far short of the highest average levels before the forests were cut down.

I am afraid that this government and the United States government may be in for a series of headaches because of suits by property owners along the shores of the great lakes. In my judgment they have an absolute claim. In this case man has deliberately poured into the St. Lawrence watershed a vast volume of water from an outside watershed. We are told that it means an increased power production, but if that is so, should those who are producing the power reimburse the farmers fronting on lake Ontario, fronting on lake Erie, and fronting on lake Huron? I am sure the department must have been appalled at the multitude of letters they have received because of the breaking of the dikes in Essex county. I was up to that end of the province this last week-end and I know what the people are thinking. Those dikes were never intended to withstand the level of water that there is now in the summer time.

I do not want to be misunderstood about this. I am quite in accord with water levels being maintained, and I realize that something had to be done when Chicago was taking from 10,000 to 15,000 cubic feet per second; but according to the information I got from Chicago a few days ago, that is no longer being done. As I said before, they are now down to 1,500 cubic feet per second. I think the Department of Public Works should take close notice of what is happening in the great lakes watershed. Every second a total of 3,700 extra cubic feet is being poured into our great lakes. That is bound to be felt along the shores of lake Ontario, lake Erie and lake Huron. It will not affect the shores of lake Superior particularly because there is a dam at Sault Ste. Marie which controls the level of that lake. By raising the gates they are able to let the water out and maintain the lake at a static level, but there is no such control for lake Huron, lake Erie or lake Ontario.

At times there are many advantages in an increased level of water, but to-day, we have had a just presentation made by the hon. member for Peel. I believe the farmers in his county will have a just claim for protection again erosion caused by lake Ontario water being kept at such a high level at certain seasons of the year, a level at which God Almighty never intended it should be kept.

Mr. IRVINE: I think the hon. member has rendered a great service by bringing this question of erosion to the attention of the government. The hon. member has referred to erosion caused by the diversion of water, but I should like to refer to erosion generally. I warn the government that they must assume responsibility for this erosion because in the near future it will be one of the greatest problems that Canada will have to face.

Mr. REID: How large is the fund which is maintained in connection with the New Westminster bridge? Is it the intention to carry out the agreement reached some years ago that an engineer would be asked to find out the advisability or otherwise of putting a small span on the railway bridge?

Mr. FOURNIER (Hull): The balance on account as at February 28, 1946, was $182,651.29. The complete figures are as follows:

Balance on account as at February 28, 1946		$182,651 29
Less unliquidated balance —rail replacement by C.N.R.	$60,000 00	
Over-expenditure on maintenance and operation, Vote 281	2,201 19	
		62,201 19
		$120,450 10
Plus estimated revenue for last half of year		50,000 00
		$170,450 10
Less transfer of estimated expenditure—Vote No. 281 for full fiscal year 1945-46. This is transferred at end of fiscal year		$36,000 00
Estimated free balance		$134,450 00

Mr. REID: Does the minister contemplate making the survey that was promised years ago?

Mr. FOURNIER (Hull): We have entered into a contract with an outstanding engineer, a Mr. Pratley, who is investigating the matter and will make a report.

Mr. ARCHIBALD: Is the government taking any part in the building of the 65-mile link between Atlin and the Alaska highway?

Mr. FOURNIER (Hull): That would not come under this department or this item. If I am well informed, it would come under Mines and Resources.

Mr. ARCHIBALD: I see that the dry dock subsidies come under item 313. I do not just get that.

Mr. FOURNIER (Hull): No; that is by statute. It was under a special statute of 1910 and the amendments thereafter that we undertook to pay for twenty-five or thirty-five years an annual amount to companies which put up these dry docks. Probably the hon. gentleman has in mind the Prince Rupert dry dock. We have completed the payments to Canadian National railways, who are the owners, or built this dock. We have paid the amount which we undertook to pay some years ago.

Mr. ARCHIBALD: And do you contemplate putting it on again?

Mr. FOURNIER (Hull): That cannot be done unless a special statute is passed to provide for it.

Mr. ARCHIBALD: I suggest that the minister do that.

Mr. FOURNIER (Hull): It is Canadian National property. I do not know why Public Works should ask for money to pay for the Prince Rupert dry dock.

Mr. ARCHIBALD: You have other subsidies down there, for instance for the Burrard dry dock, owned by a company which has all the money in the world with which to expand. Prince Rupert dry dock cannot compete in putting in bids on these boats which are being built.

Mr. FOURNIER (Hull): Of all these dry docks there are only three left to which we pay annual subsidies for a time. Our payments in respect of all the other dry docks have ended; these are the three remaining ones, and we are just following the agreements by which we undertook to pay annual amounts.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. ROSS (St. Paul's): The information given to the committee just before the luncheon recess was very interesting. I should like to have an explanation from the minister as to just what effect 5,200 cubic feet per second of water pouring into the great lakes has on the level of the lakes. I made a rough calculation during the recess, and I found that 5,200 cubic feet per second would raise 6,600 square miles one inch in a year; in other words it would raise lake Ontario, if the extra water did not run out, about ·875 inches in a year. This increase, which comes with extra rain flow, goes on year after year. I think an explanation is due to the hon. member for Davenport as to just what effect that water coming into the lake has had.

Mr. FOURNIER (Hull): My information on this subject is that there flows by that Ogoki diversion 5,000 cubic feet per second. On the great lakes that would hardly have any effect on the raising of the water; it would be a rise of only three-quarters of an inch, and that water continuously flows down to the St. Lawrence, where there is a flow of 185,000 cubic feet per second. I am no expert on these matters, but my information from experts is that this diversion of water has hardly any effect on the level of the great lakes.

Mr. ROSS (St. Paul's): I wonder what calculations have been made in that connection. According to the Canada Year Book, lake Ontario, for instance, has an area of 7,540 square miles. As I said, in a year that flow of 5,200 cubic feet per second would raise the level of lake Ontario by ·875 inches. Where does the water go which comes in—this added amount of water?

Mr. FOURNIER (Hull): It flows down the St. Lawrence.

Mr. ROSS (St. Paul's): I can see that as regards lake Erie and so on the water would go on over the Niagara falls, and probably some water is used in the power houses on lake Ontario. But with that amount of water coming in year after year by rainfall I cannot help thinking that there would be a considerable difference in the levels. I do not know whether any careful calculations have been made as to just what the result would be. Probably it is an advantage to keep the water up in the lake. But I wondered what actually did happen.

Mr. FOURNIER (Hull): I understand that an exhaustive survey of the situation has been made, and the figures I have given the hon. members are from those studies. There is hardly any effect in the raising of the water on the great lakes, because the flow continues on down through the St. Lawrence; furthermore, I am told that this raising of the water in the great lakes goes in cycles; some years it rises higher, other years it is lower. This is the natural flow of it. This is, in my mind, no excuse for not considering the repairing of damages done by erosion whenever they come under our responsibility.

Mr. MacNICOL: I just happened to come in in time to hear the last few words of the hon. member for St. Paul's in reply to the minister. I want to warn the minister that it is a very serious matter, and he should not be misled by those who are not thoroughly conversant with the situation. This morning I received from the department which sends out these reports a bulletin of water levels, and I notice that at Goderich, where there is a registering station, reports that in the month of July the water level of lake Huron is 1·11 feet higher than the average stage of July for the last ten years. More significant than that is the statement on the next line that the water level of lake Huron at Goderich is only 0·18 feet lower than the average stage of July for the last eighty-six years—which is the period they use. During the last few years the water level has been so much below what it is to-day, that if to-day it is only 0·18 feet lower than the average stage during eighty-six years, one can picture what it will be when the full effect is felt of pouring an additional 5,200 cubic feet of water every second of the day every day of the year into the great lakes watershed.

I know what I would do if I were minister. I fought this thing from the very beginning. I warned the country here at Ottawa, and the government of Ontario also, as to what the result would be. As far as lake Erie is concerned the water level in July at Port Colborne on lake Erie is 0·80 feet higher than the average stage of July for the last ten years, but much more significant is the fact that the water level at Port Colborne is 0·29 feet higher than the average stage of July for the last eighty-six years. That is a significant statement. As far as lake Ontario is concerned, at Kingston, where the measuring instruments for that lake are located, the water level for July is 0·82 feet higher than the average stage for the last ten years, and 0·42 feet higher than the average stage for the last eighty-six years. The hon. member for Peel can grasp at a glance why that higher average is maintained on Lake Ontario: the water level has been maintained and materially increased in the last few years, and all along the shore line of Peel the higher waves dash up against the southern shore with a very disintegrating effect.

Item agreed to.

Chief engineer's branch—Construction, repairs and improvements—harbours and rivers—

314. Nova Scotia—

Boudreauville—breakwater extension, $9,000.

Breen's Pond—harbour improvements (revote $10,000), $32,000.

Bridgewater—repairs to railway wharf, $23,000.

Brooklyn—dredging, $210,000.

Canso—wharf reconstruction, $27,000.

Caribou—waiting room on wharf, $10,300.

Clarkes harbour—wharf, reconstruction and extension (revote $35,000), $84,000.

Cow Bay (Port Morien)—towards breakwater reconstruction and dredging, $170,000.

Culloden—repairs to breakwater (revote $6,000), $13,000.

Digby—repairs to piers (revote $4,000), $22,000.

Dingwall—towards harbour improvements, $300,000.

Glace Bay—towards wharf reconstruction and dredging (revote $75,000), $350,000.
Harbours and rivers generally—for maintenance of services, and for repairs and reconstruction due to extremely heavy storms during 1944 and 1945, no new works to be undertaken, $715,000.
Ingonish ferry—wharf repairs and improvements, $33,000.
Iona—wharf reconstruction, $101,000.
Little Anse—breakwater replacement, $52,000.
Little Judique harbour—improvements, $6,000.
Lockeport—wharf reconstruction, $16,000.
Meteghan—towards breakwater replacement, $100,000.
New Harbour—towards breakwater reconstruction, $100,000.
Parker's Cove—harbour repairs and improvements, $125,000.
Pictou island—breakwater—wharf replacement (revote $25,000), $75,000.
Port Beckerton (west)—wharf reconstruction, $17,000.
Port Hood island—wharf (revote $4,000), $10,000.
Port Maitland—breakwater reconstruction, $100,000.
Sandford—breakwater extension, $110,000.
Ship Harbour—wharf replacement, $15,000.
Three Fathom Harbour—causeway, $50,000.
Trout Cove (Centreville)—towards breakwater reconstruction, $100,000.
Upper Whitehead—wharf reconstruction, $21,000.
West Head—wharf reconstruction, $62,000.
Total, $3,058,300.

Mr. STANFIELD: In looking over these estimates I do not notice any appropriation for the wharf at Windsor, Nova Scotia, which is in need of some repairs. Could the minister say where in these estimates provision is made for this item?

Mr. FOURNIER (Hull): That would be taken out of this vote under "Harbours and rivers generally—for maintenance of services and for repairs and reconstruction due to extremely heavy storms, $715,000." That is in the general vote.

Mr. KIRK: In this item there are two amounts of, respectively, $170,000 for Cow bay, (Port Morien), towards breakwater reconstruction and dredging, and $350,000 for Glace Bay, towards harbour improvements. Is any part of this taken from the $700,000 odd under item 299 for dredging in the maritime provinces?

Mr. FOURNIER (Hull): No.

Mr. KIRK: None of this will be taken from that item?

Mr. FOURNIER (Hull): That is a specific vote for a specific purpose, and the money will not come out of the general vote.

Mr. KIRK: I wish to say just a word or two in connection with dredges, and perhaps I should have brought this up under 299. Members from British Columbia referred to the condition of dredges on the Pacific coast; I wish to discuss the dredges on the Atlantic coast and make a requisition for some money for the provision of new equipment in that part of the country. There are plenty of dredges there now, but their condition is simply terrible and it is time we got new equipment. Dredges cannot be built overnight, and money ought to be appropriated now for the purpose so that we may have suitable dredges of light, medium and heavy type. The department informs me that there are dredges there, but no dredges are available for the kind of work needed, and as I say, they cannot be obtained at a moment's notice.

Mr. FOURNIER (Hull): We know the condition of the dredges in question. During the war we had but the very barest necessities for the work that had to be done, and this year we are increasing the amounts not only for our own dredges but for the purpose of giving private contracts. The hon. member may rest assured that if I can get the consent of the government I will increase still further the appropriations to meet the needs of the fishermen on the coast.

Mr. KIRK: My contention is that the dredges of the Department of Public Works are not fit to do the work. The department has numbers of them, but what good are they? Proper dredges are needed for the work that has to be done in Guysborough county.

Mr. FOURNIER (Hull): We admit that our dredges are not in good condition and that is why we are giving contracts; and we also realize that bigger dredges are needed. The question is being considered by the department, and I can assure the hon. gentleman that we are not holding back in public works just to penalize people. We find it difficult to get the money to do all the work that is requested by members on both sides of the house.

Mr. KIRK: I fear the people in those parts are under the impression that large dredges will be constructed for heavy dredging operations in centres like Saint John harbour, but something is badly needed for these little places where our fishermen have small motorboats.

Mr. WINTERS: In my constituency there are one or two localities that need either new breakwaters or extensions to existing breakwaters. I have had this question under review with the department and they tell me that no new work is to be undertaken at present because of shortages of labour and materials. In one or two cases in particular,

these works have been badly needed for some years. Could the department give an estimate now, or give me some idea as to when new works or extensions to existing works will be undertaken?

Mr. FOURNIER (Hull): In the preparation of next year's estimates I will certainly make requests of the treasury board to increase these amounts. If I can convince my colleagues, I shall be the first to get real satisfaction from the undertaking. Hon. members can rely on my good will at every turn, but if they will look up the estimates they will see that during the war my department got no estimates, or hardly any. This year we got a little more, and I hope that next year we shall be more successful.

Mr. SINCLAIR (Vancouver North): I am in the unique position of having no complaints—at any rate, no major complaints—to make against the Department of Public Works in the matter of appropriations for my riding. I have returned from home, however, to find that whereas several generous appropriations have been made, the work cannot be proceeded with because the government is not buying lumber at black market prices. Will the minister make inquiries to see whether the works contemplated in my riding can be proceeded with by securing priority for the necessary materials?

Mr. FOURNIER (Hull): Priorities are not granted by the Department of Public Works. If they were, I would keep all the timber for our own work.

Mr. SINCLAIR (Vancouver North): Will the minister make inquiries?

Mr. FOURNIER (Hull): Oh, yes. I have been doing so through my officials. I have a good many contracts ready now, but I cannot get the timber. I will do my best for British Columbia.

Mr. WINTERS: That seems to be the particular problem I have in mind. I am not criticizing the department for not appropriating money. They are aware of the situation and have done their best to make money available, but they state that the materials cannot be procured. That is the reason for our particular grievance. Can we be given some idea as to when these new projects will go ahead, having regard to materials and labour?

Mr. FOURNIER (Hull): The general policy seems to be to keep all the timber and lumber that is available for the housing situation, and every time I have asked for priorities I have been told that our work has not a first priority, that they must think first of housing the veterans and the general population. That is the answer they give me. However, as soon as there is relief in the housing situation I am sure I shall get all the timber I need.

Mr. STANFIELD: With regard to the wharf at Windsor, I cannot find the item to which the minister has referred. Has any money been appropriated for that wharf?

Mr. FOURNIER (Hull): It will be taken out of the general vote for harbours and rivers generally, $715,000.

Item agreed to.

315. Prince Edward Island—
Charlottetown—towards wharf reconstruction and improvements (revote $50,000), $275,000.
Harbours and rivers generally—For maintenance of services, no new works to be undertaken, $80,000.
Montague —wharf reconstruction, $30,000.
Naufrage harbour—retaining wall, $6,000.
Red Head—harbour improvements (revote $3,500), $11,500.
Rocky Point—wharf reconstruction (revote $20,000), $47,000.
Souris—breakwater repairs, $45,000.
Summerside—repairs to railway wharf (revote $18,000), $18,000.
Tignish—repairs to breakwaters, $45,000.
Wood Islands—wharf improvements, $30,000.
Total, $587,500.

Mr. McLURE: I notice a vote here for Charlottetown wharf reconstruction and improvements, $225,000, and also a revote of $50,000. I should like to find out from the minister how far that work has progressed and whether it will be continued sufficiently this year to take up this entire vote. The work is very much needed. I would point out to the minister that we had been promised a survey of the harbour for regular improvements, and among other things there was the definite promise that a survey would be made to see whether it was possible to build a railway marine slip there for the repairing of our ships. This promise has always been made prior to an election, and it is something that would be of great benefit to the unemployed. The building of this railway marine slip at Charlottetown would give us the opportunity of repairing our own ships. As the minister knows, and as the Minister of Transport in particular knows, there is serious delay in our transportation on account of the necessity of sending these ships to other places for repairs. We know also that in 1941, as a result of having to send the S.S. *Charlottetown* out for repairs, the government lost a $4,000,000 ship.

I would call attention to a vote of $27,000, which is included in this item, for the Rocky Point wharf. Who owns the Rocky Point

wharf? Is it the federal or provincial government, or is it dually owned? There is a great deal of trouble over what I consider to be the dual ownership. If the federal government had complete ownership of it, we should not be constantly facing the great problem which always exists there. When the federal government starts to do repair work on the part of the wharf which is assigned to them, the provincial government ceases its work until the federal work is completed. Then the provincial government starts to do its repairs; consequently the wharf is never in a good condition and is seldom, if ever, passable. I should like the minister to tell the committee who owns this wharf.

Mr. FOURNIER (Hull): The first question put by the hon. member concerns the railway wharf at Charlottetown. A contract was awarded on January 24, 1946, to J. P. Porter and Sons, for $374,627. That was the lowest tender. There were two other tenderers, the Diamond Construction Company Limited and the Foundation Maritime Limited. According to the contract the date of completion is July 28, 1947.

As to the second question, who owns Rocky Point wharf, I am informed that this wharf belongs to the federal government. It was completed under contract by the department in 1915 at a cost of $30,334.84. The contract for the reconstruction of this wharf was awarded to H. J. Phillips and Son, of Charlottetown, at $43,634.50.

Item agreed to.

316. New Brunswick—

Caissie's Cape—towards breakwater reconstruction and dredging, $50,000.

Caraquet (Young wharf), dredging (revote $5,000), $40,000.

Cocagne cape—wharf extension and repairs, $18,700.

Cocagne church—wharf extension and repairs, $16,900.

Dalhousie—wharf reconstruction and dredging (revote $7,500), $30,000.

Dipper Harbour—breakwater improvements, $45,000.

Grande Aldouane—wharf repairs and improvements, $11,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $130,000.

Leonardville—wharf reconstruction, $50,000.

Little Cape—towards breakwater replacement, $50,000.

Lorneville—towards wharf replacement, $50,000.

McEachren's Point—wharf extension, $9,000.

Miscou—wharf repairs and extension, $13,000.

Neguac Church—wharf (revote $5,000), $26,000.

Richibucto Cape—repairs and improvements to harbour works, $20,800.

Welchpool—towards wharf replacement, $75,000.

Total, $635,400.

[Mr. McLure.]

Mr. HAZEN: I should like to direct the attention of the minister to a letter which I received a short time ago. It was written by a clergyman who lives at Lorneville, New Brunswick, and reads as follows:

> I have been asked by the Lorneville community club to inquire of you about a new breakwater.
>
> The local fishermen are working under great difficulties at the present time, with no protection whatever. Wreckage of the old breakwater is still strewn about, and the lightkeeper is obliged to hang the light at the very end of the remnant. This duty he cannot carry out at high water. These few facts will give you some idea of the seriousness of the situation and the real need of a new breakwater at the earliest possible date.
>
> Could you tell us if any steps have been taken to meet this need? We earnestly solicit your assistance in the matter.

I was pleased to be able to inform the gentleman who wrote me that the estimates provided for a sum of money to be used for the replacement of the wharf at Lorneville. Will the minister have this work undertaken as soon as he possibly can? As the letter points out, the situation is a serious one, because the fishermen there have no protection whatever.

I should also like to say to the minister that the people of Dipper Harbour will appreciate the fact that in this vote there is an amount to improve the breakwater or the wharf at that place. In connection with these wharves may I say that I have been along the shore there and have seen the fishermen unloading their catch in the late autumn. There is no lighting whatever on the wharf or on the breakwater, except the light which is put up at the end of the wharf by the lightkeeper when darkness falls. Perhaps the Minister of Public Works or the Minister of Fisheries might give some consideration to providing lighting for these wharves. They would be of great assistance to the fishermen when they bring in their catch and start to unload, particularly in the late autumn and winter months.

There is one other matter to which I should like to refer. In this vote I do not see any amount set aside for work on the Chance Harbour breakwater. I brought this matter to the attention of the minister a few nights ago when the bill to provide for $300,000 a year and an expenditure of $3 million to beautify and improve Ottawa was before the house. Is the minister in a position to tell the committee whether any work is to be done at Chance Harbour to maintain the wharves, or for new works in the harbour? Out of the amount to be voted, is any money to be spent at Chance Harbour? The breakwater there is in a bad state of repair. I have had some correspondence with the minister

about it at different times. I understand that last year a petition was sent to the Minister of Fisheries, or to the Minister of Public Works, I do not know which, by the residents of Chance Harbour about this breakwater. It is imperative that some work be done there. Can the minister tell me whether it is proposed to do any work there under this item?

Mr. FOURNIER (Hull): With regard to the Lorneville wharf constructions, I understand that plans and specifications were prepared, and we have called for tenders. I do not think that we have received any tenders as yet, but we are to proceed with the Lorneville project. It will amount to about $100,000. Part of that amount is in the estimates here.

As to the second question of the hon. member concerning Chance Harbour, we are looking into that. I cannot give a definite commitment at the moment, but we expect a report from the engineer down there in the very near future, and that will be taken care of.

Item agreed to.

317. Quebec—

Bagotville—wharf reconstruction (revote $25,000), $245,000.
Beauharnois—wharf reconstruction, $15,000.
Bonaventure, wharf extension, $10,000.
Grande Riviere—wharf reconstruction (revote $25,000), $195,000.
Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $345,000.
Isle aux Coudres—improvements to wharves, $137,000.
Isle Verte—wharf repairs, $17,100.
Kamouraska—wharf reconstruction, $40,400.
L'Anse St. Jean—wharf repairs, $25,000.
Matane—reconstruction of west breakwater (revote $25,000), $235,000.
Mechins—wharf repairs and reconstruction, $50,300.
Miguasha—wharf improvements and breakwater (revote $10,000), $52,000.
Quebec—completion of the reconstruction of the intercepting sewer—to implement the agreement entered into in 1939, $1,140,000.
Rimouski—towards reconstruction of old wharf, $200,000.
Riviere du Loup—towards wharf reconstruction, $125,000.
Ste. Felicite—wharf repairs (revote $5,000), $47,000.
St. Simeon—wharf reconstruction (revote $40,000), $190,000.
Sept Iles—rectification work, $15,000.
Sorel—harbour repairs and improvements, $61,000.
Total, $3,144,800.

Mr. MacNICOL: I have just one observation, Mr. Chairman, with regard to the very first item. I am glad to see this item for the improvement of the dock and wharf at Bagotville. I doubt whether anyone could see a more beautiful sight anywhere than is to be seen at night time when going up Ha Ha bay and approaching the dock at Bagotville. I would say that with the proper development it should be one of the finest tourist routes in the world. Anything that will tend to improve the lighting of the Bagotville docks—they are beautiful now—and therefore make them more beautiful, will be all to the good.

Item agreed to.

318. Ontario—

Bronte—reconstruction of pier (revote $30,000), $115,000.
Cobourg—reconstruction of harbour works (revote $35,000), $95,000.
Collingwood—towards harbour reconstruction and improvements, $250,000.
Fort William—dredging (revote $22,000), $190,000.
Grand Bend—repairs to north pier, $50,000.
Griffiths Island—extension to Groyne, $8,000.
Gull Bay—wharf, $6,300.
Harbours and rivers generally—for maintenance of services; no new works to be undertaken, $275,000.
Hudson—wavebreak boom, $6,500.
Kenora—repairs to wharves, $30,000.
Meaford—revetment wall, $36,000.
Midland—harbour improvements (revote $80,000), $165,000.
Oakville—reconstruction of east pier, $123,000.
Oshawa—breakwater reconstruction (revote $10,000), $33,000.
Ottawa—(Rideau river)—repairs to walls, $18,500.
Parry Sound—wharf (revote $5,500), $8,500.
Pelee Island—wharf improvements, $20,000.
Port Bruce—reconstruction of pier, $25,000.
Port Hope—harbour repairs (revote $20,000), $110,000.
Port Arthur—dredging, $26,000.
Port Arthur—repairs to breakwater, $200,000.
Rainy river—wharf reconstruction, $17,100.
Sault Ste. Marie—wharf reconstruction (revote $10,000), $35,000.
South Baymouth—wharf reconstruction and extension, $34,200.
Thames river—redredging, $60,000.
Tobermory—wharf and dredging, $91,000.
Total, $2,028,100.

Mr. SENN: Under harbours and rivers generally, is any part of the $275,000 earmarked for the harbour and port of Maitland and the extension of the retaining wall or other works?

Mr. FOURNIER (Hull): I have not the report here, but I can get an answer for the hon. gentleman very shortly, and I shall let him know personally, by letter.

Mr. FRASER: This item includes an amount for repairs to the walls of the Rideau river here in Ottawa. Where is that? Is that within the city limits, on the canal? I ask that question because for the last two years I have noticed, coming in on the train, that the wall of the canal, which is surmounted by an ornamental railing, is gradually bulging out, and in another six months I am afraid it is all going to drop into the canal.

Mr. FOURNIER (Hull): This item of $18,500 is to provide for the reconstruction of the walls on the east and west side of the

outlet of the Rideau river where it empties into the Ottawa river, which are in a bad state of disintegration. That would be closer down to the Ottawa river, where the Rideau flows into it.

Mr. FRASER: But not on the canal itself?

Mr. FOURNIER (Hull): No. That would not come under my department; that would be Transport.

Mr. MacNICOL: On Saturday in Chatham I met an engineer with whom I discussed the trouble they recently had in connection with the Thames river overflowing between Chatham and its mouth. He suggested, and in drawing up the estimates, I imagine the minister must have expected such a suggestion, that the river be thoroughly dredged out so the water would have a rapid flow into lake St. Clair; and in addition, that where the river enters lake St. Clair the sand bar be taken out in order to permit the water to run rapidly into the lake.

Mr. FOURNIER (Hull): That will be under harbours and rivers generally.

Mr. MacNICOL: I notice the second last item in this vote is $60,000 for redredging the Thames river. I believe that is important, and should be commended.

Item agreed to.

319. Manitoba—

Gimli—wharf reconstruction (revote $10,000), $85,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $40,000.

Hecla—wharf reconstruction, $50,000.

Hnausa—wharf reconstruction (revote $25,000), $100,00.

Selkirk—Towards wharf reconstruction (revote $10,000), $100,000.

St. Andrews—river breakwater (revote $5,000), $7,500.

St. Andrews lock and dam—straightening west approach, $65,000.

Total, $447,500.

Mr. BRYCE: I am in a rather peculiar position this time; I want to thank the minister for what he has done. I have certainly parked on his doorstep for a considerable time; I got better acquainted with the genial minister, and I am certainly pleased that he has looked into the situation at Selkirk constituency and decided to undertake this work at Gimli, Hecla, Hnausa, Selkirk and the St. Andrews lock and dam approach. Of course I do not want any hon. member to think Selkirk is getting something it is not entitled to. We were prepared to wait until the war was over before having these things attended to, and again I want to say to the minister, many thanks for what he has arranged to give us. I should like him to let me have a letter setting out the position in regard to these works; those on which tenders have been received, those on which tenders have not been received, how much of the work he expects to finish this season, and so on. If the minister could get his department to do that I shall be pleased to show it to my constituents when I go back and tell them what a fine fellow he is.

[Mr. A. Fournier.]

Mr. FOURNIER (Hull): We will send you a letter.

Mr. ZAPLITNY: I am happy for my hon. friend from Selkirk, who seems to have something the rest of us in Manitoba do not have. Practically all the money being spent in that province is being spent in the constituency of Selkirk. No doubt the work needs to be done, and I congratulate the hon. member on his good luck. I should like to ask the minister if he is contemplating any work on the government pier at Winnipegosis, and also on the pier at Dauphin lake. The situation at Winnipegosis was brought to the minister's attention earlier this year; the pier is in a very bad state of repair, and I believe some representations have been made by the board of trade. With regard to the pier at Dauphin beach, a request has been made by the local council of women that it be removed because of the danger. I believe it is beyond repair, and I do not think it is needed any longer. Since that time I have not heard what has been done, except that an engineer was to look over the situation. Perhaps the minister could give me any further information he has.

Mr. FOURNIER (Hull): My information is that when the representations were received we gave instructions to our resident engineer in Manitoba to visit the locations and make a report on what should be done, whether we should tear down the pier at Dauphin and what repairs are required on the other pier, and I am expecting that report in the near future.

Mr. ZAPLITNY: It has not been received yet?

Mr. FOURNIER (Hull): Not yet.

Mr. SINNOTT: There is quite an item here which comes in between the hon. member for Selkirk and myself; that is the straightening of a bridge at a cost of $65,000. I should like the minister to say when he expects that work to be started. The situation there is a very dangerous one; several people have been killed at that bridge, and I should like some idea as to when the work will be commenced.

Mr. FOURNIER (Hull): The contract was let last week, and I expect the work will be started immediately.

Item agreed to.

320. Saskatchewan, Alberta and Northwest Territories—
Great Bear river road, N.W.T.—completion of extension, rebuilding old section and purchase of maintenance machinery, $425,000.
Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $25,000.
Waterways—wharf (revote $10,000), $15,000.
Yellowknife—improvements to navigation (revote), $7,200.
Yellowknife—wharf, $41,000.
Total, $513,200.

Mr. MacNICOL: The first item here pertains to the northwest territories, and provides $425,000 for the Great Bear river road. I am strongly in favour of anything that can be done for transportation up in that country. Just where is this road?

Mr. FOURNIER (Hull): A road extension thirty-five miles in length is being built by the Northern Transportation company, who are to be reimbursed for the amount actually expended. The old section of the road, approximately ten miles and a half in length, requires reconditioning and reconstruction of bridges and culverts thereon. This work was started in 1945; there was an item in the estimates of 1945-46. In 1946-47 we are repairing the old section of the road at a cost of $20,000, and are spending $18,000 for the purchase of maintenance machinery. The balance is for the completion of the forty miles of the road.

Mr. MacNICOL: I want to know where that road is. Is it along the Bear river between the Mackenzie river and Great Bear lake?

Mr. FOURNIER (Hull): Right.

Mr. MacNICOL: It was primarily constructed around a rapids, was it not?

Mr. FOURNIER (Hull): Yes.

Mr. MacNICOL: Does it run the whole distance from the Mackenzie river to Great Bear lake?

Mr. FOURNIER (Hull): I understand they are rebuilding forty miles at the rapids section.

Mr. MacNICOL: But the rapids are quite short—nothing like that in length. The whole distance would not be much over forty miles.

Mr. FOURNIER (Hull): That is the description of the road they are building there.

Mr. MacNICOL: I am not opposing it; I am strongly in favour of anything that can be done to improve transportation in that country. The way it is now, the boats ascend the Bear river until they come to the St. Charles rapids.

Mr. FOURNIER (Hull): It is said that it extends from the easterly end of the old road, past St. Charles rapids, to the source of the Great Bear river at Great Bear lake.

Mr. MacNICOL: Yes. Well, then, they are running the road now from the west end of St. Charles rapids, where the present portage is. At the present time when the boats ascend to that point they unload on to trucks, to continue by truck up to Great Bear. That would help the transportation, and I am in agreement with it. Why does it cost so much money? Will it be a concrete road?

Mr. FOURNIER (Hull): Forty miles of new road is being put in there at about $10,000 a mile.

Mr. MacNICOL: I would favour anything that would help that country.

Mr. DIEFENBAKER: I should like to ask a question on this item, covering as it does Saskatchewan, Alberta and the northwest territories. While I am not in the habit of asking for expenditures, I believe that every attention should be given to expenditures on self-liquidating works. On previous occasions I have referred to the necessity of having something done to preserve Long lake in Saskatchewan, and I have referred also to the projected diversion of part of the waters of the Saskatchewan river at Elbow, Saskatchewan. While some preliminary work has been done, and this is appreciated, I would ask for a report from the minister. I believe it is placed under either the Department of Reconstruction and Supply or the Department of Agriculture, through prairie farm rehabilitation. But once the work is proceeded with, will it be the responsibility of the Department of Public Works, and will the construction work be done by that department?

By way of an aside I should like to say something with which I know the minister will be in agreement, particularly after listening again to the hon. member for Davenport display his great knowledge of Canada. We in Saskatchewan, and in western Canada generally, appreciate highly what he has done to develop in all parts of Canada an interest in irrigation and prairie development. When or if it becomes the responsibility of the Minister of Public Works to name the project, concerning which the preliminary work of surveying and diversion of water is now under way, I suggest that no better name could be given to that project in Saskatchewan than

the John R. MacNicol dam. No man has done more for the cause of water conservation—

Some hon. MEMBERS: Hear, hear.

Mr. DIEFENBAKER: The applause from all parts of the house indicates that, without regard to party, his contribution is recognized throughout the western provinces.

Are the preliminary operations and survey parties under the direction of the Department of Public Works? If not, once the work begins will it be the responsibility of that department?

There is some unemployment in the west to-day, and it has been increasing of late. It appears to me that this is a time when self-liquidating public works—not wasted public works—should be proceeded with.

Mr. FOURNIER (Hull): Last year the hon. member for Lake Centre mentioned this project, and I was not sure whether it came under my department. Upon inquiry I found that it came under the departments of Reconstruction and Supply, and Mines and Resources. I cannot say to the hon. member whether, when the work is proceeded with, it will be done by the Department of Public Works, because so far I have not received any request from other departments.

As to the choosing of a name, nothing would please me more than to have Mr. MacNicol's name identified with this project. Everyone admires his knowledge of the whole country. I have a further reason for wanting to see his name perpetuated, and that is that we were elected on the same date to the House of Commons and have been close friends ever since.

Mr. MacNICOL: I have one further word, because I know the minister is sincere in what he wishes to do, and I should like to help him. I note that there is an item here for a wharf at Yellowknife. The difficulty at that point is in connection with the unloading of heavy machinery off the boats. I suggest that the department consider equipping the docks at Fort Smith, Fort Fitzgerald, Waterways, and Yellowknife with cranes. The United States government had that type of equipment on those docks during the war, but I believe it has been removed. The equipping of those docks with cranes capable of lifting giant pieces of machinery from the boats on to the docks would be useful.

Mr. FOURNIER (Hull): In view of the fact that works in that district are increasing, recently we opened a new office in Edmonton, with a resident engineer who is looking into these matters, and reporting regularly. As to the cranes the hon. member would like to see at these points, let me say that I shall take the matter up with my officials to see if it is practicable. I would be in sympathy with the suggestion.

Item agreed to.

321. British Columbia and Yukon—

Bamfield (West)—repairs and improvements to float and approach, $10,000.
Bella Bella—wharf renewal, $34,000.
Bella Coola—wharf repairs and improvements (revote $10,000), $95,300.
Brownsville—harbour improvements (revote $8,000), $20,000.
Brunette river (Sapperton)—approach and float (revote $7,000), $10,000.
Capilano river—channel protection, $8,500.
Fraser river—improvements, $175,000.
Fraser river—protection work on Lulu and Sea islands, $40,000.
Fraser river—reconstruction of North Arm jetty (revote $50,000), $225,000.
Fraser river—survey launch, $15,000.
Gibson's Landing—wharf reconstruction, $50,000.
Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $325,000.
Horseshoe bay—wharf reconstruction, $24,000.
Ladysmith—float and breakwater (revote), $7,700.
Nahun (Caesar's Point)—wharf replacements, $11,000.
Nanaimo—harbour improvements, $60,000.
Nanaimo—replacement of crane on assembly wharf, $52,500.
North Galiano—wharf, $6,000.
Port Alberni—harbour improvements (revote $9,000), $15,000.
Prince Rupert—renewal of fishermen's floats (revote $5,000), $22,000.
Prince Rupert (Digby Island)—wharf repairs, $18,000.
Queen Charlotte City—wharf repairs and extension (revote $5,000), $16,000.
Refuge Cove (Redonda Island) float (revote $5,900), $6,000.
Stewart—wharf repairs (revote), $32,000.
Ucluelet West—wharf improvements, $8,500.
Vananda—wharf extension, freight shed and repairs (revote $4,200), $7,900.
Victoria—towards dredging, $100,000.
Victoria—fishing harbourage, $67,000.
Westview—harbour improvements (revote $20,000), $35,000.
Westview—replacing fishing harbourage (revote $25,000), $305,000.
Winter Harbour — improvements (revote $5,000), $24,000.
Total, $1,825,400.

Mr. STIRLING: Has provision been made for the control works at the south end of Okanagan lake, both in connection with repairs, if such are needed, and the keeping open of the channel of Okanagan river to take away the flood waters from the lake?

Mr. FOURNIER (Hull): I am informed by my deputy that these works are taken care of under the general vote for harbours and rivers.

Mr. STIRLING: Does that apply also to the renewing of the timbers on the protection breastwork at Penticton? That is a small breakwater erected for the purpose of providing shelter for boats on the lake.

Mr. FOURNIER (Hull): I am not sure about that item.

Mr. STIRLING: I took the matter up with the minister earlier in the session, and I understood from a note I received that this was being taken care of. I presume it will be done out of the general vote.

Mr. FOURNIER (Hull): I am told that if the hon. member received a letter from my department stating that we would proceed with it, we will do so.

Mr. STIRLING: Two other small breakwaters have been asked for at Peachland and Summerland. Okanagan lake, like all mountain lakes, is subject to sharp squalls coming on without notice, and the rough water created by such squalls makes it hazardous for boats. There has been a most interesting development in recent years, both for tourists and for residents, when they have been running a competition called the Okanagan fish derby in connection with which prizes are given for the biggest fish taken. It so happens that many of those large fish are taken on the west side of the lake in the vicinity of Peachland and Summerland. The consequence is that if boats are fishing along that piece of exposed shore, and a sharp squall springs up, there is no place to which they can run for safety. This is a matter of great interest to all the inhabitants of the interior, because they come from there and from the south as well. Since the war the tourist business has increased and there are many boats on Okanagan lake. I am afraid we are going to have trouble if some assistance is not provided when these squalls come up. Furthermore, boats which are too large to be taken out of the water in the fall and are placed on chocks require some kind of breastwork to protect them from the winds which surge down the lake from the north. Something should be done in this case similar to what was done some years ago at Penticton.

Mr. FOURNIER (Hull): Would this be a new work?

Mr. STIRLING: I think it would be.

Mr. FOURNIER (Hull): I do not think we could use this vote for that purpose; it would require a special estimate. I am trying to recall if I have received any requests for these two projects.

Mr. STIRLING: I passed them on to the minister, and received the usual acknowledgment that consideration would be given. I do not see the names on this list.

Mr. FOURNIER (Hull): We have not received the report from the engineer, but we will look into these two projects.

Mr. STIRLING: I hope the minister will give due consideration to them, because they are well warranted.

Mr. IRVINE: I should like to direct the attention of the minister to the need of reconditioning the wharf at Seaton lake. I approached the department last April and was told that the district engineer had been instructed to examine the wharf and submit a report. Has the minister received the report of the engineer, and could some of this vote be devoted to reconditioning that wharf? I notice it is not mentioned specifically, and I wanted to be sure that some provision was made for it.

Mr. FOURNIER (Hull): If it is an existing construction and the report received from the engineer warrants immediate repair, it will be undertaken under the general vote. I do not believe the report has been received concerning this project, but I shall look into it.

Mr. IRVINE: There is money for that purpose, provided that the engineer's report is favourable?

Mr. FOURNIER (Hull): We have $325,000 to cover repair and maintenance projects.

Mr. IRVINE: That will be enough.

Mr. FULTON: Has the minister received a report on the project at Revelstoke which the department was looking into? This concerns the construction of a wing dam on the Columbia river to prevent the erosion of the bank some half a mile below Revelstoke. When I was last in touch with the department I was informed that they were awaiting the report of the engineer. In this connection I think it is appropriate for some member from British Columbia to pay a tribute to the work of Mr. Morton, the departmental engineer. I have heard nothing but the highest praise of that gentleman. I think he has far too much work to look after, with the staff at his disposal, and the result is that when we bring matters to the attention of the minister it takes too long for a report to be made. That is not Mr. Morton's fault, because there is more than he and his staff can do. I asked that the work on the dam at Revelstoke be undertaken before high water

in order to prevent erosion, but as I understand it the investigation did not get under way until the high water stage had been reached. I hope this work can be done before the next high water period. I hope also that the minister will consider giving his office in British Columbia the necessary staff to enable it to do the good work of which it is capable.

Mr. FOURNIER (Hull): We lack staff in the engineers' branch, and I doubt if there is one of our offices which has not had men leave the service or go on superannuation. We are trying to replace these losses, but there seems to be a lack of engineering talent wishing to come into the government employ. We have made applications to the civil service commission to increase the staff.

Mr. FULTON: Can the minister say anything about the work at Revelstoke? While I am on this subject I should like to support the remarks of the hon. member for Kootenay West in connection with the dredging of the Arrow lake system, and to repeat my request for the replacement of the dredge on Shuswap lake. This is needed to do the work there and on the Thompson river. The dredge that is there now is some thirty years old, and is constantly in need of repair. This is quite a water system and there is an increasing amount of logging being done. Will the minister consider placing a new dredge there and getting the work under way as soon as possible, so that it may be completed before the next high water?

Mr. FOURNIER (Hull): I nearly committed myself on Saturday to a new dredge on the Fraser river and on another river, and I do not know if I could commit myself to-day to another dredge on the Thompson river and one on the Columbia river. I understand that the life of a dredge is over forty years, and so if this one is only thirty years old, it should be good for another ten years.

Mr. FULTON: It seems to need extensive repairs.

Mr. FOURNIER (Hull): If it needs repairs, we will attend to them. As at Revelstoke, we are proceeding to have surveys made before the next high water period.

Mr. ARCHIBALD: Is the vote for Bella Coola to cover the extension and repairs of the existing wharf?

Mr. FOURNIER (Hull): It is to cover repairs and improvements to the actual wharf, the moving of the existing approach and float, the addition of a 100 by 200 feet wharf-head, and the construction of floats.

[Mr. Fulton.]

Mr. ARCHIBALD: I have spoken to several of the oldest residents in this area about the condition of the existing wharf and its relationship to the river, which goes on the rampage quite often. The mouth is silting up, thus necessitating an extension to the wharf. I have been told that if the wharf were moved further out along the point, or even in the lee of the point it would provide shelter for the large fishing fleet which winters there. This would be better than to continue to extend the existing wharf and dabble with the river, because the whole mouth is filling up. When the tide goes out the whole fleet is left on the beach; the boats pile up on each other, and a lot of damage is done. I should like the minister to consider moving the wharf out farther. I think this could be worked out between his engineers and the people in the locality.

An interesting development has taken place in recent years in the movement of cattle from the Williams lake country down the Bella Coola valley and thence on to Vancouver. However, the cattle men up in that country can do it at a more costly rate by taking them into Williams lake and shipping over the Pacific-Great Eastern when they land down in the Bella Coola valley they get their cattle all caught up in this mud flat where the silting takes place, and if a barge wharf were put in there they could load without any difficulty. The cattle coming in through the up-country via Bella Coola have plenty of natural feeding, and there is no cost to the cattlemen, whereas they have to buy feed when they ship out the other way. Several ranchers are actively interested in this, and if this facility were provided I am sure there would be more interest in shipping out by that route. At the same time this work going on in Bella Coola also affects Ocean Falls. As you know, that is a growing pulp and paper centre, and the people there suffer climate handicaps. It rains practically all the time.

Mr. GIBSON (Comox-Alberni): Up British Columbia!

Mr. ARCHIBALD: Well, I have to tell the truth once in a while, so help me. The only place where these people can have a real holiday and get out of the rain belt is Bella Coola, forty miles away. Yet when they go there to spend a holiday they run against this business of tying up their boats, and if there is a wind blowing the boat gets all smashed up. That is why it would be a benefit to the workers of Ocean Falls as well as to the people of Bella Coola.

I have to bring to the minister's attention the extent to which these communities are dependent upon these wharves. Very often their whole livelihood depends on a decent float. Further to that, at one time $3,500 was voted for a float at Hunts Inlet; I do not see it there now. The float was condemned a couple of years ago. There again is a fishing village which is completely isolated as regards getting to it or out of it, except for that float, and yet it is in such a condition that they cannot depend on it. Oona River is in the same position, and also Skidegate. The float at Skidegate is half sunk. As to getting lumber to build a float, I know I could scrounge enough off the beach to build one. So the material is right in the bay as far as building a float at Skidegate is concerned.

Speaking of the interior, there are quite a few independent loggers working along Babine Lake, and they have no wharf facilities. It would be in the interests of producing lumber if the department would heed the representations of the board of trade of Burns Lake and install that much-needed facility at the point.

I bring these various items to the attention of the minister not as a means of having money spent in the district, but rather to impress upon him the fact that these facilities, especially on the coast, are the only means of getting in and out of that area, and the fishermen whose whole capital is often tied up in one boat, are absolutely dependent upon decent facilities for tying up and landing. It is not a case of waiting until future years; the work should be done now, or there will be a menace and a serious handicap to the production of fish and the much-needed food which the world is demanding at the present time.

I leave these various matters in the hands of the minister, except that I should like to ask him one question: has the department considered the objections of the people of Port Essington to moving the float from Haysport to Tyee?

Mr. FOURNIER (Hull): I am sorry that I could not get the information this afternoon, but the question will be noted and I will have the officials give that information to the hon. gentleman.

Mr. ARCHIBALD: When I was home last winter they were complaining of the plans to move the float from Haysport to Tyee. The people of Port Essington did not want it moved, and a majority of the citizens signed a petition to that effect.

Mr. HERRIDGE: I want to compliment the minister on his staff in British Columbia, and particularly those who have worked in the Kootenay district, some of whom I have known for thirty years or more. They are efficient, hard-working and courteous, and the service they give is generally recognized by all people in the district regardless of political beliefs. I say this because I think that very often the services rendered by civil servants distant from Ottawa are not given sufficient recognition in Ottawa.

The people of my riding are pleased at the expenditures proposed in connection with the Arrow and Kootenay lakes; but I want to bring to the attention of the minister one or two matters connected with this vote. I speak for a riding which last year produced one hundred million dollars' worth of minerals, lumber and agricultural products, so it is a riding of some importance. I am not suggesting that the things which are desired by the people of the district can be done immediately, having regard to the shortage of material and of labour. But I do ask the minister and his department to give consideration to the provision of a very necessary float at Trail, in view of the increased navigation on the Columbia river. I am informed that during the last month or so we had more than forty boats come from Boulder dam and Spokane to the head of the lakes. There should also be extension and improvement to the present accommodation at Nakusp, Lardo and Nelson and when the time is ripe a float built for St. Leon Hot Springs.

I do ask the minister to give some consideration to these matters. Although we do not expect the work to be done while labour and materials are in short supply, we hope these projects will be set on foot as soon as possible.

Mr. MAYHEW: I should like to ask the minister when he is going to call for tenders for the fishermen's float in Victoria. That was, I think, promised in June last. We have been waiting for definite word for some time. I might tell him that in a letter I received this morning it is stated that at the present time there are 344 fishing boats and packers operating out of Victoria and they have no place to tie up satisfactorily. These boats last year brought in to Victoria over 22,000,000 pounds of fish; therefore the industry is a pretty substantial one. A good many of them go out into the halibut and tuna beds. The boats they are using are fairly expensive, and a proper place is needed to moor them. We are particularly anxious that this work be proceeded without any further delay. As a

matter of fact it will not do much good this season, but a good many boats will want to winter there this coming winter.

The other item here is $100,000 towards the dredging of the harbour. I am glad to notice the words "towards" the dredging of the harbour. That sum will take care of some of the loose dirt from the inner harbour, but it will not take care of the outer harbour, where the work will run into a considerable amount of money. In addition to the dredging of both the inner and the outer harbour we have also to look after proper dockage to have it ready for the time when the large boats get back on the run. Prior to the war the *Empress* boats, running between the orient and Victoria and Vancouver, used to make Victoria a regular port of call. They went away during the war and they have not been able to get them back. I understand the Canadian Pacific are preparing other boats to take their place, but they will not be able to dock at Victoria unless a proper wharf is available. I am not afraid that we shall not make progress in getting this settled. I have spent a good deal of my time in the last four or five years discussing it with the minister's predecessor and also with his present deputy, and I am quite satisfied that the negotiations that are going on at the present time will eventually lead us into a satisfactory position. Therefore I am not asking the minister to make any specific promises in this regard, but I do ask him to let us know when he will go ahead with the building of the floats for the fishermen.

Mr. FOURNIER (Hull): We received the plans this morning, and we shall be asking for tenders this week for fishermen's floats.

Mr. MAYHEW: Will the minister be calling for tenders for the dredging at the same time?

Mr. FOURNIER (Hull): I do not know whether we shall be calling for tenders right now. The hon. gentleman knows the extent of this project for dredging Victoria harbour.

Mr. MAYHEW: Yes, I know it.

Mr. FOURNIER (Hull): It is not a $100,000 job.

Mr. MAYHEW: I understand that.

Mr. FOURNIER (Hull): It is quite a large amount. We thought of starting the work this year and proceeding next year. I could not get enough money this year to do that work.

Mr. REID: I hope you will not take away the old dredges from the river for the purpose.

Mr. FOURNIER (Hull): It will be contract work.

[Mr. Mayhew.]

Mr. GIBSON (Comox-Alberni): I am sorry I was not here on Saturday when the discussion took place with regard to Ripple Rock. I do not propose to go over the ground covered then, because according to *Hansard* there was a rather acrimonious debate.

Mr. FOURNIER (Hull): Quite a ripple.

Mr. GIBSON (Comox-Alberni): I believe the minister was under criticism in that regard. Usually we British Columbia members agree with one another, but in this case I commend the minister for closing down that work. He used excellent judgment when he closed it down. As it is in my riding, I may say that I was a little nervous about going around that country because the people seemed to think I was the Minister of Public Works and was responsible for the work going on there. We have spent $800,000 there and have learned that the system that was being tried was entirely wrong. Ripple Rock will always be a great hazard. As a matter of fact, there are a great many marine hazards in British Columbia—Ripple Rock is not the only one—and it is interesting to note that during the war many thousands of ships, Russian, American and others, all strangers, went through there without one being wrecked on Ripple Rock. The only one that was wrecked was our own government ship, and I think the captain or whoever was in charge would be the first to say that he committed an error in judgment when he got tangled up with the rock. The minister said that he had $1,900,000 available for its removal. I would like his assurance that he will start making that money available if someone comes along and offers a no-cure, no-pay proposition. Will he undertake that?

Mr. FOURNIER (Hull): I would do a lot for my hon. friend, but I would not mingle in the Ripple Rock discussion. I see that my hon. friends are not all of one mind on the project.

Mr. GIBSON (Comox-Alberni): We are all of one mind on the necessity for the work.

Mr. REID: We all want it removed.

Mr. FOURNIER (Hull): I hear one partisan saying that it cannot be done, and another that it should not be done. I do not think I should repeat what I said on Saturday; it would only start another long discussion. What I said then was that the last estimate we received from the contractor was $1,900,000, and we tried to find out whether we could get a guarantee that he would execute the project for that price and give us an assurance that the work would be done.

But that is what we could not get from any contractor, and we therefore decided not to proceed on that basis. As I explained on Saturday, we were sorry that we could not do the work under the present methods known to the department. I repeat, however, that we will continue to study the project and if any other method is found I think the government will be disposed to undertake these works. I do not say they will be done this year, or even next year. We do not want anybody to say that the officials of the department do not wish to go ahead with the work. There is nothing to that. We are ready to undertake it; it is a danger to navigation. Before we undertake the work, however, we want to have something definite as to price and completion of the work.

Mr. PEARKES: It is not only a menace but a very serious hindrance to navigation, in that vessels have to tie up and wait for hours until the tide is favourable so that they can go by. The vessels that tie up, waiting for hours, losing valuable sailing time, need the removal just as much as the smaller vessels to which it is a danger.

Item agreed to.

Telegraph and telephone services, operation and maintenance—

325. Land and cable telegraph lines—Lower St. Lawrence and maritime provinces, including working expenses of vessels for cable work, $170,000.

Mr. LANGLOIS: The Department of Public Works owns and operates a telephone service on the Magdalen islands, which form part of my constituency. Besides the various improvements which I recommended to the department and which are most urgent, since this service is frequently out of order, I wish also to draw the attention of the minister to the necessity of having the central manned twenty-four hours a day. This will entail an expense which will not burden the treasury unduly since it will require only two additional operators. As the minister knows, this service links the islands together, and is very essential, especially so when medical attention is required during the night. There are only two islands on which there is a resident doctor, and many pathetic cases have been brought to my attention in which, owing to delay in getting medical assistance to the sick, there have been very unfortunate consequences. I should like to have from the minister the assurance that the department will take immediate action to obtain the necessary equipment to give telephone service to residents who have made application and urgently need it. I am of the opinion that such equipment could be obtained from surpluses declared by the various departments through War Assets Corporation. Vote 331 covers construction, repairs and improvements, and I would ask the minister to include a telephone service for the Magdalen islands.

Item agreed to.

Telegraph and telephone services, operation and maintenance—

327. Alberta and Saskatchewan, $120,500.

Mr. PROBE: As a member for Saskatchewan I find it a little difficult to sink my teeth into any specific item in the estimates of the Minister of Public Works. Out of a total appropriation of some $36,000,000 expected to be spent in the current fiscal year by the Department of Public Works I find that in connection with public buildings my province has an amount of $46,500 assigned to it. There are various other smaller items, and then there is one we are now discussing which is linked with Alberta under telegraph and telephone services, operation and maintenance. This item amounts to $120,500.

When the estimates of the Minister of Fisheries were before the committee last year the hon. member for Saskatoon City drew attention to the fact that out of $3 million to be expended across the country some $13 or $14 was allotted to my province. I do not know whether we should get the scientific instrument called radar working to find out where the moneys of the country are being spent in our province. I am not asking for anything specific for my province, but I feel that the Minister of Public Works is operating on a pattern which is common throughout all the departments with respect to placing necessary services within Saskatchewan.

Dealing with the item we are now discussing, I should like the minister to give a comprehensive statement as to what telephone and telegraph services are being conducted in Saskatchewan, in what areas and for what purpose. Is it something which is beyond the capacity of the local provincial department of telephones to handle, or is it a supplementary service, or is it in some area in which the provincial government system does not function? I should like to have a statement on this item because it is the only one of any size in Saskatchewan. Would the minister be good enough to give us a statement at this time?

Mr. FOURNIER (Hull): These are telephone lines operated by the federal government in outlying districts where the ordinary telephone company does not operate or, as in Saskatchewan, where the province would not undertake to put up lines because there

is always a deficit in the operation. This amount is provided to try to help these people who are out of the way and to give them communication with the larger centres.

In Saskatchewan there is the Meadow Lake to Pegasus, a four-mile line between these two places; Pegasus to Barnes Crossing, fourteen miles; Island Hill loop, one mile; Buffalo Narrows to Peter Pond lake, thirty-five miles. We have fifty-four miles of telephone lines which we operate and which are provided for in this vote. The hon. member's province is better organized with a telephone system than others, I presume.

Mr. PROBE: I am not complaining about the outlay. I want to know where the moneys are being expended, the amount expended for the telephone and telegraph services, the number of persons employed on this work in my province.

Mr. FOURNIER (Hull): I have given the mileage for the telephone lines. In Saskatchewan we also have 291 miles of telegraph lines from Lloydminster to Onion Lake to Meadow Lake and Ile à la Crosse. I am sorry that I have not the breakdown of the whole for the two provinces. This system applies to the two provinces of Alberta and Saskatchewan. The total vote is $120,500. This amount is to provide for the working expenses of the telegraph and telephone lines of the Alberta-Saskatchewan division and consists of $84,616 for salaries, $11,200 for cost of living bonus, $6,000 overtime for operators, $6,000 for repairs and $12,684 for supplies and sundries. I believe that makes up a total of $120,500. The lines of the Alberta-Saskatchewan division consist of 1,934¾ miles of land lines and ninety offices for operating purposes, of which twenty-seven are on a salary basis and sixty-three on a commission basis.

Mr. PROBE: The minister cannot break that down?

Mr. FOURNIER (Hull): I can give the names.

Mr. PROBE: I do not want that. I wanted to know what the approximate amount was and the number of employees we have in our own province.

Mr. FOURNIER (Hull): As I understand it, this system is operated in one place; it is a division. I would have to take name after name and give the salaries out of the $84,616 paid for salaries; then the cost of living bonus, and so on. It is not divided between provinces. It is one division comprising all these lines.

[Mr. A. Fournier.]

Mr. PROBE: The headquarters of that division is where?

Mr. FOURNIER (Hull): Edmonton, I understand.

Item agreed to.

Telegraph and telephone services, operation and maintenance—

328. British Columbia—Northern and Yukon districts, $171,000.

Mr. ARCHIBALD: I have two or three points to bring up under this item. First of all, I should like to bring to the attention of the minister the fact that the telephone line between Massett and Port Clements does not work at high tide. Therefore, in a crisis or any thing like that, the thing would be a complete washout. During the war there was a D.O.T. station operated out of Massett. Has the government or the department considered taking over that installation and operating a radio telephone up there?

Mr. FOURNIER (Hull): I am informed that we have put in the best system known. The hon. gentleman says it does not operate?

Mr. ARCHIBALD: That is the information I received from a reliable source. They say it does not work at high tide.

Mr. FOURNIER (Hull): I am informed that we cannot understand why it would not operate at high tide. I am no expert—

Mr. ARCHIBALD: I suggest that the minister check with the residents of Massett, because the latest word I received is that it does not work at high tide. They are vitally interested in radio telephones, and I shall give the reasons. There is now an aeroplane service—

Mr. FOURNIER (Hull): I know there is a radio telephone service up there.

Mr. ARCHIBALD: If the minister has a radio telephone service there he must have installed it since I came down.

Mr. FOURNIER (Hull): The hon. member has been here a long time.

Mr. ARCHIBALD: I do not think you have a radio telephone service.

Mr. FOURNIER (Hull): Perhaps not; I shall have to inquire and I shall let my hon. friend know.

Mr. ARCHIBALD: I should like to inform the minister that they now have an aeroplane service. If they had a radio telephone service in the event of a crisis they could get in touch with the plane at Rupert or Massett or at Queen Charlotte city, as the case may be.

They have no doctor there; therefore it is vital to have this service. Inasmuch as the machinery is there, we cannot see why the government cannot operate the service in the interests of the people.

There is one other question. Down at Skidegate and Queen Charlotte city there is a line from the old R.C.A.F. station which was situated at Alfred Bay across from the village of Skidegate. This plane service lands at Alfred Bay, yet the telephone has been disconnected on the Skidegate side of the bay, and they do not know when the planes are landing or anything about them. They have missed planes there because the planes left before the people knew anything about it. Would the department consider hooking up that existing line so that they could telephone? There would be no great cost; I imagine one of these old jangle phones would work.

Mr. FOURNIER (Hull): Certainly we shall consider it, if we can help the people in the outlying parts of your province. The object of these votes for telephones and telegraphs is to help these people who have no other means of communication. No one else will undertake to give them these facilities, and certainly we shall consider what my hon. friend has said.

Mr. ARCHIBALD: There is another point I want to bring up in connection with the telephone service running from the Yukon down through Hazelton. The people of the Kispiox valley, which runs forty miles out of Hazelton, are hooked up with that system. They have been paying $2.50 a month or $30 a year for that service; that is the charge for each individual phone. As I understand it, only five families live up in that valley, and you are going to charge them anywhere from 10 cents to 20 cents a call in addition to the $2.50 a month. This is in a frontier area, but you are going to put the whole load on them. Quite often when the service breaks down those people go out and spend days working on the line, but they have never charged the department for fixing it. The line is practically hanging on the branches of the trees at the present time, as I get the picture, and they would like to be allowed to call through the exchange at Hazelton to their local store without being soaked that additional 10 to 25 cents per call.

Mr. FOURNIER (Hull): Who gave you that information?

Mr. ARCHIBALD: I do not want to give the source of my information in public, but I am getting it straight and I can assure you it is reliable.

Mr. FOURNIER (Hull): I have not that information.

Mr. ARCHIBALD: That is what I get, that they are being charged for each call, and I have it from absolutely reliable sources which I shall give the minister later. There is an Indian mission up in that valley in addition to these ranches, and this telephone line is their only way of communications with the outside. Part of the year they are absolutely sewn up because of muddy roads, and must depend upon this telephone service. Then up in Hazelton you have two telephone operators in the office who are paid $720 per annum or about $60 per month. They cannot make a go of it at that rate, with the present cost of living.

Mr. FOURNIER (Hull): They are appointed by the civil service commission.

Mr. ARCHIBALD: They are hired by you, are they not?

Mr. FOURNIER (Hull): We make a request to the civil service commission and they find the employees. That is the system under which the government works.

Mr. ARCHIBALD: Then through you, Mr. Chairman, may I ask whom that comes under?

Mr. FOURNIER (Hull): The Secretary of State.

Mr. ARCHIBALD: Also in connection with this rural telephone set-up, in the town of Burns Lake the switchboard is not operated twenty-four hours a day. That is a divisional point as it were, for a wide area with a scattered population, and they would like a telephone operator on duty twenty-four hours a day. I understand it is hooked up with the police station, and has not been found reliable in case of emergency.

Item agreed to.

Telegraph branch—Reconstruction, repairs and improvements—

331. Maritime provinces and lower St. Lawrence, $12,000.

Mr. WINTERS: There are two islands off the coast of my constituency, La Have island and Tancook island. The department has been good enough to make a survey with a view to improving telephone facilities there. Are any improvements at those points included in this item?

Mr. FOURNIER (Hull): This is the general vote, and those two islands would not be included here. This is required for general repairs and improvements to telegraph and telephone lines on Cape Breton Island, New

Brunswick, north shore lower St. Lawrence river and gulf and the larger islands situated therein; also repairs and replacements to the telegraph and telephone cables located in the bay of Fundy, Northumberland strait and in the coastal waters around the province of Nova Scotia. I shall look into the matter mentioned by my hon. friend.

Item agreed to.

General—

339. National Gallery of Canada, $80,000.

Mr. MACDONNELL (Muskoka-Ontario): I should like to say a word about this item. Perhaps it is a delicate position for one who has talked about economy as much as I have now to question economy, and I am not so sure I am questioning it, but I should like a little information as to policy in connection with the national gallery. I see there is a decrease in this item of $22,000, and I feel this is just one of the places where we should be cautious before we practise retrenchment. It seems to me that in these days, which are so difficult, when we have so many things to disagree about, we should not disregard the things we can all agree are worth while. Therefore without giving a song about it I should like very much to have a brief statement as to general policy. Perhaps I should know more about it myself, but I am ignorant and I should like to know those who are in charge, just what plans are afoot and what is the policy that is to be followed.

Mr. FOURNIER (Hull): The members of the board of trustees to-day are Mr. Harry S. Southam, of Ottawa, chairman; Mr. E. B. Hosmer, of Montreal, and Right Hon. Vincent Massey of Toronto. The board may be composed of from three to five members, and at the present time we are considering the appointment of one or two additional members. As to the decrease, last year we had $50,000 in the vote for the purchase of works of art. This year that amount was brought down to $25,000, but I think there will be a supplementary estimate to reestablish it at $50,000. Sometimes it is difficult to have people understand that a vote of this kind should be increased. During the war years, of course, it was brought down to provide simply for maintenance and staff, without making any outside expenditure. If I personally were to decide on the amount I would increase it, because I think following the war would be a good time to purchase some works of art. But it is always the same thing; when we request increased amounts we are told to try to economize, so this year the officials said they would try to get along with the $25,000. I do not think I can get along with that this year, and I hope to be back with a supplementary estimate to restore the original amount. There is no doubt the national gallery is doing a wonderful work in the country, and it is one of the places always visited by those who come to Ottawa. There was even a suggestion during the discussion of the federal district commission bill that we should have a real national gallery in Ottawa instead of using the museum, which is an imposing building, but does not meet all the needs. This year we are putting up a building, not at very great cost, as a storeroom for some of the works we have, and I am not losing faith that as the years go on we may increase the estimates for the national gallery.

Mr. MACDONNELL (Muskoka-Ontario): Just one more thing. Do we not get an annual report of any kind from the trustees?

Mr. FOURNIER (Hull): Oh, yes; that report has been tabled in the house, in English and in French.

Mr. BOUCHER: There is a matter about which I have spoken to the minister once or twice, and as to which I believe he has some sympathy. I have not the full details before me just now, but I should like to bring it to the attention of the committee. As we enter the main hall of the House of Commons and proceed toward the library, hanging both to the right and left are two excellent pictures depicting the last war. On many occasions I have heard guides extol to guests visiting the house the beauties of these two pictures.

I understand that they were painted shortly after the last war by a lady now living in Ottawa and have been lent to the government by her. She is now in a position where she would like to dispose of them, and I believe they could be purchased by the government at a reasonable cost. I feel that if the pictures are worthy of hanging in the main hall of this building for such a long time, on loan, it ill befits the government to continue their use without purchasing them. I would urge that the lady be approached and the pictures purchased by the government. I believe there is a history behind them which no doubt the minister knows. If he does not he would have no difficulty in finding it out.

I believe they were painted at the suggestion of Sir Arthur Currie during the last war. This arrangement was agreed to by Sir Robert Borden, the then prime minister. The work was done at high cost by a skilful artist. I believe there are some reasons why the national art gallery have not purchased them. However, I feel that as a member of the House of Commons I ought to bow my head in shame

each time guests are shown these pictures, which are pointed out as one of the great things in our parliament buildings, realizing all the while that they are there only on loan, and that she who painted them at great cost, and at great pains and effort, has not been compensated for her work.

Time is rolling by. I suggest it is not fitting that the works of an artist should appear in the central hallway of the houses of parliament at Ottawa so long as these have been, without the government's offering to make a purchase, particularly when the pictures have such artistic value and attraction.

I am sorry I am not sufficiently well trained in art to describe the beauties of these pictures, nor do I know their value. But I do know that anyone who looks at them must appreciate that they are fine pictures, and must have required great effort on the part of the artist who painted them.

I am sure that if the minister inquires into the circumstances he will realize that there is much more could be said, and that I have made but a poor fist of presenting the whole case. I would ask him, however, to give his attention to the matter to see if something can be done.

Mr. FOURNIER (Hull): I am sure that the hon. member knows the government makes no purchases of pictures. We vote a certain amount of money which is handed over to the national gallery board, and the board in turn makes the choice of the pictures it will purchase. The names of the commissioners would indicate that they are persons keenly interested in art, and with experience in these matters. We rely upon their judgment. I should think the good lady in question would be well advised to see these gentlemen, instead of the minister. I shall be ready to follow the advice given by the national gallery in the matter.

Mr. BOUCHER: Although the House of Commons does not purchase them directly, I would point out that there is an appropriation for the House of Commons. The trustees at the national art gallery could be asked to purchase the pictures.

Mr. FOURNIER (Hull): The request will be considered.

Mr. BOUCHER: I suggest that the minister as a member of the government should ask the national art gallery to purchase these two pictures. If they are good enough to hang in these halls for such a long time, and to be the pride of those of us who have seen them hanging there, surely they are good enough to merit purchase from the artist who painted them.

Mr. PROBE: Would the minister state how the works contained in the national art gallery or those owned by the gallery are made available to citizens of Canada who are not fortunate enough to come to Ottawa to visit, and to admire those works? Have we a system of travelling libraries of prints of masterpieces which would be available to clubs? If so, what statistical information has the minister respecting those facilities?

I regret that the item is being cut, but I appreciate the minister's statement that there is likely to be a generous supplementary allotment.

Mr. FOURNIER (Hull): I have here a report from the chairman of the board of directors of the national gallery. It states that in the home field the national gallery has had the most active year in its history. Six major channels of art education were vigorously employed with highly satisfactory results. In Ottawa special and regular exhibitions were held and these were attended by nearly 150,000 visitors; thirty lectures, attended by a total of more than 3,000 students and interested listeners were given.

The trustees continue to regard their work for other parts of Canada as of major importance. Loan exhibitions to points outside Ottawa were in greater demand than ever before and were sent out in larger numbers. The cumulative effect of these exhibitions is apparent in the steadily growing interest in art centres and increased attendance at individual galleries.

The distribution of good colour reproductions of Canadian paintings, whereby some of the benefits of the national gallery are carried to the remotest settlements has grown beyond the capacity of the present staff to cope with satisfactorily. Extra space and assistance must be provided if this useful work is not to be handicapped. During the year 163,210 prints were sent out, which is quadruple the number distributed last year, which in turn was double the total of the year before. The reproductions include the well-known silk-screen prints which are proving of inestimable value for school use.

The national gallery has originated a new plan to make the gallery more widely effective as an educational institution. With the cooperation of the Canadian Broadcasting Corporation, a series of broadcasts to schools on outstanding Canadian artists was commenced last year. The broadcasts make use of the small colour prints issued by the national gallery, which are sent out in sets at a nominal price. Thus the school pupil or interested individual in any part of Canada

can have before him a facsimile of the picture being discussed as he listens to the broadcast. Approximately 120,000 prints were requested last year and the demand for the coming year may reach half a million. The notebooks of pupils and reports submitted by schools have been excellent and indicate the far-reaching effects these broadcasts are having on pupil and parent alike. It is one of the most effective devices for making known to Canadians everywhere the work of our own artists and developing in them an intelligent appreciation of art. As the technique of this method develops, the scheme can be extended to include other schools of art and other periods.

The total number of lectures and film showings given during the year in all parts of Canada was 267, an increase of 100 per cent over last year.

That the demand for what the art gallery can provide does not arise only from a limited number of interested enthusiasts but has its roots in all parts of the dominion and in all levels of society, is indicative of an ever-increasing standard of education in Canada.

Under the direction of the national gallery, an exhibition called "What the art centre can do for your community" was developed and ten identical collections were prepared. These ten exhibitions are in continuous circulation throughout the country, even to the smaller and more remote towns, showing what can be done to make use of the facilities of the national gallery and other government sources. In addition to these collections, 138 loan exhibitions were circulated in all parts of Canada.

Item agreed to.

General—

340. Miscellaneous works not otherwise provided for, not more than $5,000 to be expended upon any one work, $75,000.

Mr. REID: I should like to draw the attention of the minister to something which I think should be rectified, but first I wish to ask whether any consideration has been given to the completion of the carving of the blank stone in this building. I do not know whether hon. members have noticed this or not, but as you come in the main entrance from the east you will see a stone bearing these words:

This stone was laid by Edward Prince of Wales, September 1., in this year of victory *Finis Coronat OPVS.*

Those Latin words mean, "the end crowns the work". Not long ago a visitor asked me what was the year of victory.

Mr. MacNICOL: 1918.

[Mr. A. Fournier.]

Mr. REID: The hon. member is wrong, it is 1919. I challenge any hon. member to go there and try to figure out the little dots under the various letters. I took these down and tried to find out the key, but I could not. Finally I took the matter up with the Clerk of the house and I found that he had the key, I suppose having been here for such a long time. He told me that the first line was 552, the second, 1151; the third, 1; the fourth, 108, and the fifth, 107. If you add them all up together you get 1919. I suppose the architect simply left this riddle to be worked out by future generations. I am going to suggest to the minister that he should have "1919" carved on that stone.

Mr. MacNICOL: Why not 1918?

Mr. REID: The war ended officially in 1919. As I point out, no one would know what it means unless he added up all the dots under the letters and knew what they meant.

Mr. FOURNIER (Hull): I shall tell my officials to read carefully what the hon. gentleman has said and, if there is no reason why this work should not be done, then I will give instructions that it be done.

Item agreed to.

General—

342. To provide for balances required to complete any projects undertaken in previous fiscal years and for which no specific provision is made in the fiscal year 1946-47, $20,000.

Mr. MacNICOL: I should like to refer particularly to the item in connection with the Great Bear river road. The supplementaries last year, item 678, called for $371,000 for the extension of this road, and I should like to know if that amount was all spent.

Mr. FOURNIER (Hull): I understand that from $180,000 to $190,000 was spent out of the supplementaries last year. This year we are asking for $425,000 to complete the work, which makes a total of about $580,000.

Mr. MacNICOL: I understand that something like $35,000 was to go to the Northern Transportation Company.

Mr. FOURNIER (Hull): We have a contract with the Northern Transportation Company to complete the extension commenced in 1945, which is approximately fifty per cent completed. This contract was for $387,000. Then there are repairs to the old section of the road, $20,000; purchase of maintenance machinery, $18,000, making a total of $425,000. There was an estimated $370,536.87 expended

in 1945-46 and the amount asked for 1946-47 is $387,000, making a total expenditure of $758,000 to complete the whole work.

Mr. MacNICOL: The Northern Transportation Company is a crown company?

Mr. FOURNIER (Hull): Yes.

Mr. MacNICOL: Any work we are doing to complete this road we would really be paying the cost to ourselves?

Mr. FOURNIER (Hull): It is the cost.

Mr. MacNICOL: The government is doing it itself, since it is a crown company?

Mr. FOURNIER (Hull): Yes.

Item agreed to.

Demobilization and reconversion—chief architect's branch —

598. Repairs, alterations, operation and maintenance of buildings, $2,000,000.

Mr. DIEFENBAKER: Could the minister give a breakdown of this large item, showing the various amounts that it is anticipated will be spent in each province during the coming year?

Mr. FOURNIER (Hull): This is to provide for caretaking, heating, repairing, elevator service, lighting, et cetera, in connection with the buildings occupied by what are considered continuing war departments, boards, corporations, branches, et cetera. A ruling made by treasury board on January 4, 1946, designating continuing war departments for estimate purposes for 1946-47 in connection with telephones, is being applied to all maintenance items for 1946-1947. These departments are as follows:

Reconstruction and Supply.
National Defence (army).
National Defence (air).
National Defence (navy).
National War Services.
Wartime prices and trade board.
Purely wartime divisions and functions of other departments.

The estimates for 1946-47 are as follows:

Salaries and wages	$1,150,000
Cost of living bonus	150,000
Alterations	210,000
Light and power	200,000
Water and water rates	40,000
Fuel	200,000
Supplies for caretakers	45,000
Sundries	5,000
	$2,000,000

Mr. PEARKES: Would the item for national defence (army) include the building of drill halls?

Mr. FOURNIER (Hull): No.

Mr. FULTON: I notice that the amount of this item is $2,000,000 as against $4,280,000 for last year. Would that indicate that the money was not spent last year?

Mr. FOURNIER (Hull): The estimates for wartime activities have decreased. There are fewer buildings occupied by the war-time departments and agencies and we need less money than we did last year for repairs, maintenance and staff. It has gone down $280,000.

Mr. FAIR: When the regular items were going through the other night I was out for a short time, and when I came back I found that the item of which I wish to speak had been carried. Perhaps I might have a chance to discuss it under this item. It is in connection with the char staff of the building here.

Mr. FOURNIER (Hull): I understand that the char staff of this building is under the House of Commons item.

Mr. DIEFENBAKER: This seems to me to be a very large item for the coming year, covering as it does expenditures in connection with departments of war carried on in the past. I think we are entitled to further information.

Mr. FOURNIER (Hull): Is that on item 599, rental of premises?

Mr. DIEFENBAKER: On item 598, upon which I was asking questions a moment ago. The minister says that this year, while there have been a number of reductions in departments, there will be an expenditure of $200,000 in repairs and alterations. That is a pretty heavy expenditure in connection with the surviving war departments. I should like to secure from the minister, first, a statement showing how much of this $2,000,000 will be appropriated by national defence, how much by reconstruction, how much by wartime prices and trade board, and the nature of the alterations which are anticipated. These boards have the necessary buildings, and those buildings were well equipped during the period of the war. As I look down the list of expenditures under the chief architect's branch I ask myself whether everything has been done by the department of the minister to cut to the bone these expenditures. After he has given me the information I have asked for, I may have some further questions on it.

Mr. FOURNIER (Hull): This estimate is based on requests from all the departments I have mentioned. We act only as agents of these departments. We receive requests from the wartime prices and trade board for office supplies or for the maintenance of buildings and the supplies they need there. These requests are submitted to our resident architects and they make an estimate. Probably this estimate is not the exact figure which will be

needed; it may be less or more, but it is an estimate for the fiscal year 1946-47. I have to rely on the reports and estimates which are given me from all over the country by our resident architects.

Mr. DIEFENBAKER: What do the wartime prices and trade board want this year?

Mr. FOURNIER (Hull): That is one of the largest organisms we have in the government and all over the country from Halifax to Victoria.

Mr. BOUCHER: "Organism" is a good word.

Mr. FOURNIER (Hull): I have to take in the demands they make to public works, but I would rather see the hon. gentleman discuss this on some other estimate, because he needs more expert advice than I have.

Mr. DIEFENBAKER: Would the minister give what information he has as to what the wartime prices and trade board want in each province, the expenditures they have asked the department to ratify, the particulars covering the Department of Reconstruction and the Department of National Defence, and in what provinces are these various departments asking for expenditures, the amount in each, and so forth?

Mr FOURNIER (Hull): In every province and, especially, in Ottawa we have offices and buildings occupied by these departments of reconstruction and of national defence—the three branches—the wartime prices and trade board, and all other wartime divisions. These buildings we have under our control have to be maintained; their value is considerable. As time goes on, repairs must be done to them and they require painting. Take the case of these temporary buildings, on which most of the $200,000 mentioned by the hon. member will be spent this year. Every building we occupy we keep in a good state of repair. But I cannot tell the hon. member the amount which will be spent if we have an office in Prince Albert—

Mr. DIEFENBAKER: You will not expend anything in Prince Albert any more.

Mr. FOURNIER (Hull): The hon. member does not want me to spend money there? He is one of the rare members, one of the odd members who are not requesting any expenditure: that is good news to public works. But wherever we have offices, as time goes on, we get requests for expenditures, and this money is provided for that purpose. That does not mean that if it is not needed we shall try to expend it.

[Mr. A. Fournier.]

That is about all I can tell the hon. member, except that salaries and wages take $1,150,000; the cost of living bonus, which is not under my control, $150,000; alterations, $210,000.

Mr. DIEFENBAKER: But where are these alterations?

Mr. FOURNIER (Hull): In every one of these buildings, when a request comes in. If the hon. member wants a list of every demand to date, I may have it, and can produce it to the hon. member. But every week of every month I receive requests from all over the country to repair this or that; and this is the estimate which we have been given for the year. I could not give the hon. member the definite amount of what will be spent, say at Saskatoon, on the public building which is occupied there by the wartime prices and trade board or any other wartime agency. However, the breakdown of estimates is quite complete. Take the fuel for the heating of these buildings, $200,000; we are actually purchasing the fuel for this purpose all over the country. I cannot avoid expenditures on light and power; we have contracts probably with most of the companies all over the country. As for salaries and cost of living bonus, I cannot do much about that.

Mr. DIEFENBAKER: What about the $200,000?

Mr. FOURNIER (Hull): I am trying to explain that it is an estimate of what repairs will be needed to these buildings during the year. If you ask me to-day for a list of all the requests from all over the country, probably with my staff I can provide it, but I cannot repeat it here from memory. Probably I could give the hon. member an idea of what has been expended since the first of April of this year. But these requests come into the office every day. Then we have our architects go over them and provide for these repairs either by day work or by contract. I should like to satisfy my hon. friend's mind, but when I put the same question to my officials that is the answer they give me, that it is estimated that upon the buildings under our control we shall spend that amount this year. That does not mean that all of it will be expended, but it is the closest we can get.

Item agreed to.

Demobilization and reconversion—chief architect's branch—

600. Furniture, et cetera, $300,000.

Mr. ROSS (St. Paul's): Surely we do not need to buy any furniture now, with all the furniture we had around during the war. Here we are asked to vote $300,000 for furniture.

What are we doing with all we have bought during the war years—selling it, getting rid of it for nothing? Perhaps the minister can give us some explanation.

Mr. FOURNIER (Hull): The hon. member is asking me what I ask myself when he inquires about furniture for all these offices. But he would be surprised to know that every morning this department receives requests which have been passed by the director of economies whom we put up there some years ago, and got into the rug business. I make no decision on these requests which come in; they are all decided by the director of economies.

Mr. BOUCHER: We had better wrap another director up in that rug, eh?

Mr. FOURNIER (Hull): When these requests come to my office the only thing I do is to act as agent and ask for tenders for the purchase of this furniture which is requested. The government has this system. A department makes a request. It goes through the director of economies' office. He is an expert in these matters and, if he refuses it, it does not reach my office. If he approves the purchase, the work we do as purchasing agent is to try to get the furniture. I am not buying for public works but for every agency of the government.

Mr. STIRLING: Who is the director of economies?

Mr. FOURNIER (Hull): Mr. Murphy, who was purchasing officer for the post office department years ago. He replaced Colonel Thompson.

Mr. FULTON: What is his relationship to the treasury board? Does it go there?

Mr. FOURNIER (Hull): Yes, and it is far worse when it gets there.

Mr. ROSS (St. Paul's): That does not answer the question. Where is the furniture we purchased during the war for all these buildings we have all over the place?

Mr. FOURNIER (Hull): It is still in the buildings.

Mr. ROSS (St. Paul's): In spite of the fact that we have all that furniture which we purchased for these offices during the war, we now need $300,000?

Mr. FOURNIER (Hull): That is the estimate.

Mr. ROSS (St. Paul's): It is beyond my comprehension.

Mr. FOURNIER (Hull): I hardly understand it myself, but I get requests just the same.

Mr. ROSS (St. Paul's): I think something should be done about the matter. This is one item that should be looked into. Are we still piling up furniture, getting more all the time? I do not know how we can get information except through the minister. It is under his control.

Mr. FOURNIER (Hull): Let me give one instance that may surprise hon. members. Every week I receive requests for filing cabinets. I tell my officials, "We have been buying so many of these cabinets that I do not see why they have not space enough for all their papers." I am told, however, that there is a continuous accumulation of records that have to be taken care of.

Mr. GRAYDON: Are they for orders in council?

Mr. FOURNIER (Hull): Probably some, but not to the extent my hon. friend thinks. All these departments keep their records, and I am buying filing cabinets every week. Hon. members would be surprised how many I have bought, and none are empty.

Mr. ROSS (St. Paul's): In ordinary business you do not keep all these things in filing cabinets all the time. They are put away and can be brought out when required. I do not understand it. That we should need so much more furniture is something I cannot understand. There must be something wrong with the other departments—I do not say with the department of the Minister of Public Works. Something should be done about the matter.

Mr. PEARKES: How much, if any, of this furniture has been obtained through War Assets Corporation? There must be a great deal turned in by the services as surplus.

Mr. FOURNIER (Hull): The first thing the department does when there is a request for furniture is to send a letter to War Assets Corporation to see whether they have at their disposal what is needed, and then in some instances we purchase from them. When they have not in stock what we need we have to buy from outsiders.

Mr. FULTON: Does it mean that if, say the Department of National Defence has furniture in various temporary buildings, surplus as a result of the cutting down of services, that furniture has to be turned over to War Assets Corporation and resold to you?

Mr. FOURNIER (Hull): Absolutely.

Mr. FULTON: And does the director of economies approve that? We have paid for that furniture once through national defence; do we have to pay for it again through this department?

Mr. FOURNIER (Hull): Since the passing of the statute with respect to War Assets Corporation, they have disposed of any surplus in any department. Even the old salvage department under finance has been brought under that. Any surplus of any department is sent to War Assets corporation and is resold to public works if we need it, and we pay War Assets Corporation. We actually pay that corporation. For any goods they have sold they have to account, but we pay out of these votes.

Mr. GRAYDON: The minister must be misinformed on that point, because during the discussion on War Assets Corporation at the previous session, or perhaps it was earlier this session, the same point was raised by some hon. member, and there was a special exception, which the government indicated was always evident, when one department of government was buying from another. I understood at that time, and I believe the house understood, that such material did not go to War Assets Corporation to be bought back by another department. I am quite sure we were so informed, but it might be a good time now to have the matter clarified in the interests of the position of War Assets Corporation as a distributor between departments.

Mr. FOURNIER (Hull): I understand from my officials that we do purchase from War Assets corporation what they have on hand and what we need for different departments. Whether the actual transfer of funds is made or whether it is a matter of bookkeeping, I do not know. I cannot say.

Mr. GRAYDON: I think the minister had better utilize the advice given him in this committee with respect to the purchase of new furniture to see that the policy of the governmen in future is so orientated as to meet conditions as they should be met. We should not be buying new furniture at this time, with the tremendous amount of furniture bought by the various departments—and high-class furniture, too, according to the evidence brought before the committee and the house from time to time. If you buy through War Assets Corporation, this is what happens. Many of the departments are holding back lists of what they should disclose as surplus. In the meantime, while they are held back, we are buying new furniture out of current revenue or from the consolidated revenue fund. Later on, this will be sent to War Assets Corporation; we shall have purchased new stuff in the meantime, and the other will go at second-hand prices to the public. The government, in exercising the kind of economy it should, ought to make a special survey of what there is in all the war departments, which were in some way integrated by a war economy system. We would not have to be buying furniture for ten or fifteen years if a proper survey were made to see what we have on hand. The minister knows there is a disposition in the departments to hold on to their furniture and other surplus assets until pressure is brought to bear. It is the old story again, that the government is not realizing that the war is over and that we are in an entirely different set of circumstances. These departments ought to be wound up, and such supplies should be used for the ordinary civil work of the government. I do not wish to be unduly critical of the minister, because he himself is not too sure of the propriety of the whole business and I am far less sure than he is.

If there is one thing more than another that the discussion of these estimates brings out, it is that the minister can say to his department and to all these wartime mushrooms—essential ones too—which have grown up: "After all, these things are not needed now". If he does not do something about the matter the opposition will swoop down on him again, and I suggest that he use this to see that economies are effected. He can use the opposition in having economies effected, because that is one of the jobs we are here for.

Mr. FOURNIER (Hull): Taking $40,000,000 out of a total of $3,500,000,000, there is not much in the way of economies that can be effected in my department. You are looking at small things in my department. Public works, acting as agents for other departments, goes first to War Assets Corporation and if they have on hand what we need we purchase from them. If they have not what we request, or what is asked for we go outside. If a survey is to be made I do not think it will be made by public works, and I do not know what interference I can have with all these government departments. When they request a desk and a chair for a new office we have our man look into the matter, and the director of economy sees that it is needed, because the person who is coming in is not going to work standing up. When that is done I have to go ahead.

Mr. GRAYDON: There may not be much standing done in some departments.

Mr. FOURNIER (Hull): Perhaps not. We have to try to find a desk and chair. The Department of National Health and Welfare has doubled or trebled in the last two years. The Department of Veterans Affair is another department which has increased its work. When these departments ask for all this furniture I look around to War Assets Corporation and then to private enterprise to get it. It is all bought after tendering by well-known firms or by agreement. We cannot always get what we are looking for. I do not think I can bring about much economy under this item, because when a request comes in from a department it is approved by the official, a report is made and sent to the director who is appointed specially to scrutinize these requests. It then comes back with approval and is later sent to the treasury board after we have accepted it. I do not know how I can change the procedure; it is the regular procedure.

Mr. GRAYDON: I would be content not to view this as a special criticism of the minister but rather as an indication to him of how the committee feels. If he will do his part in conveying to the proper quarters the remarks that he has heard to-day, and indicate to them that if this kind of thing is to continue these items will meet a forest fire of criticism at the next session, then I think we shall have done a job.

Mr. BOUCHER: Perhaps the minister will accept a suggestion with a little humour and a lot of common sense. If the minister knows that furniture is required in one department, and that another department which is closing up has a surplus, and if he will transfer the furniture from one department to the other we would have economy in the assisting of the one and the closing down of the other.

Mr. DIEFENBAKER: All the information that we have received has not as yet cleared up anything. The Minister of Public Works is in the unfortunate position of having other departments make requests of him. He indicates that he does not know whether they are justified. He does not understand the circumstances; he does not know how much is purchased from War Assets Corporation. He has not the information, and it is not his fault because he essentially is in the position of representing a department which is the cats-paw of all the others. In order to bring this matter to the attention of these people, and having regard to what the hon. member for Peel has said with respect to the surplus of furniture which one sees on every hand, and also with a view of showing the attitude of the committee with respect to a policy whereby one department of government sends back this surplus furniture to War Assets Corporation, and another department of government purchases it from that corporation, a most uneconomical system, I am going to move that item 600, amounting to $300,000 in the estimates for the year 1946-47, be reduced to $10. I do that because nothing has been indicated to support the necessity of it.

Mr. FOURNIER (Hull): I do not know that I would admit everything which has been said by the hon. member for Lake Centre. If hon. members wish to be fair to my department they could not reduce this amount to one dollar because up to date they have voted at least five-twelfths of it.

Mr. DIEFENBAKER: I am reducing this item.

Mr. FOURNIER (Hull): Five-twelfths of the item has been voted.

Mr. GRAYDON: I take issue with the minister on that.

Mr. FOURNIER (Hull): Does the hon. member think that amount was not voted in interim supply?

Mr. GRAYDON: No. I would say to the minister that when the interim supply bills were before the house and were passed the definite undertaking was given by the Minister of Finance that nothing that was done with respect to that vote would in any way place us in a worse position than we were before the supply bills were passed in connection with the individual items. That undertaking stands. May I say to the minister that he is quite wrong in his assumption that the five-twelfths item applies to any one individual item, all of which are left to the discretion and the decision of the committee itself. I think everybody will understand that.

Mr. FOURNIER (Hull): Perhaps my hon. friend is right. When we voted interim supply it was understood that it took away no rights that the committee possess to decrease the vote; but on the other hand we have to face this situation. Having had at my disposal five-twelfths of this amount to buy furniture requested by other departments, I have proceeded on that assumption and have purchased furniture. I do not know who will be held responsible for the meeting of those payments. I am giving the real facts, because on that assumption my officials assumed that we could dispose of the five-twelfths at least; and when requests came in in the ordinary course

of business they probably proceeded and asked for tenders or bought from War Assets Corporation.

If I have no estimate at all to pay for the furniture the committee will realize that I am in one of those positions where the public service will not be efficiently carried on. If I am requested to buy furniture for veterans affairs or any other department I cannot buy it.

Mr. BOUCHER: Borrow, beg or steal from your neighbours.

Mr. FOURNIER (Hull): I am trying to show what position I shall be in. I do not suppose the committee would accept the amendment, but if it did, on this item I would be in a quandary. I do not know whether I would be back in the house or whether I would be in the department looking to see where I could get the money, because I am sure I have expended part of it. Probably the department has paid out that amount of money.

The hon. gentleman says that I have not proven that it is needed. Unless we change the whole set-up, how can I give any more information except to bring every file to the committee or answer any question which may be placed on the order paper or produce everything which we have done since March 31 of this year. That can be easily done because all the records are kept. I do not think it is quite fair to say that I have not justified this amount. I have explained to the hon. member that the government has this director of economies who goes over the whole thing. I cannot purchase anything before the Department of Finance or the comptroller of the treasury encumbers the amount out of the general vote. When it is encumbered and we decide to purchase, it has to go to the treasury board and be approved.

If the hon. member wishes me to bring down every purchase we have made under this vote I can do so. But in all fairness to my department I do not think the amendment to bring it down to one dollar would meet the case. What the hon. member for Lake Centre has said, if he is trying to impress these departments as to the purchase of furniture, will reach the proper authorities. With this explanation I might ask the hon. member for Lake Centre to withdraw his amendment. It applies not only to the Department of Public Works, but to every other department of government, since the money is expended for all departments. In all fairness to those who have made these requests, which are justified, they cannot be deprived of the things they require to do the work given to them under the law.

Mr. MACKENZIE: I have probably the keenest admiration for the hon. member for Lake Centre of anyone in this house. I have never been so amazed and astounded, so bemused and bewildered in my life as by the silliness of this amendment. The personnel of the Department of Veterans Affairs has inreased from some 2,000 to 15,000 or 16,000. We are establishing new offices across Canada to render service to those who rendered the finest service in the world to us. It is not the Minister of Public Works who is asking for this money. He is the agent, principally of my department, in asking for new furniture to be used by those looking after those service men who gave us the best service in the world. My hon. friend, a veteran himself and a splendid one, in moving to reduce this vote to $1, is insulting the intelligence of this House of Commons.

An hon. MEMBER: That brings the hon. member for Rosedale to his feet.

Mr. MACKENZIE: He never talks sense anyway, so it does not matter.

Mr. JACKMAN: I am not going to bother to ask the minister to withdraw that remark, but he mentioned the thousands of additional employees of his department. What happened to the dozens upon dozens of brass hats and junior officers all down the line? Why not use their desks and chairs?

Mr. MACKENZIE: Is that what the hon. gentleman thinks of those who have saved Canada for freedom? Is that what he thinks of the service we are rendering to these men right across Canada?

Mr. JACKMAN: What are you speaking of, anyway?

Mr. MACKENZIE: I am speaking of the service we are rendering the veterans of Canada. Will my hon. friend sit down? I have the floor.

The CHAIRMAN: Order. Hon. members must address the Chair.

Mr. MACKENZIE: Mr. Chairman, I am sure the hon. member for Lake Centre does not really mean this at all in his heart; I am sure it is purely a gesture. We need this furniture for our offices throughout Canada, for servicing the amenities and facilities for our returned soldiers throughout the land, not only in Ottawa but in every single village of this country. This money is not requested by the Minister of Public Works for his own department; it is asked by him for other

departments of government, mainly for the Department of Veterans Affairs which has grown so greatly in the last year and will grow even more in the next twelve months. On reflection, I am sure my hon. friend will withdraw his amendment so that we may go ahead and do some work.

Mr. ROSS (Souris): May I ask the leader of the government what has become of all the surplus furniture in the many wartime departments, and if there is any arrangement under which the Department of Veterans Affairs can obtain the surplus furniture of these other departments instead of purchasing new furniture for these offices?

Mr. MACKENZIE: Yes; we are getting some of it every single day of every week of the year.

Mr. ROSS (Souris): Is it true that the surplus furniture does not have to be declared surplus through War Assets Corporation and then obtained from that corporation by the Department of Veterans Affairs? You do not have to go through that procedure?

Mr. MACKENZIE: Yes, in some cases we do.

Mr. ROSS (Souris): Not in all cases?

Mr. MACKENZIE: No.

Mr. ROSS (Souris): Has a survey been made by your government—?

Mr. MACKENZIE: Yes.

Mr. ROSS (Souris): —to ascertain what surplus furniture is available in these other departments, which might be transferred to the Department of Veterans Affairs?

Mr. MACKENZIE: Yes, definitely, by our department.

Mr. ROSS (Souris): In every case?

Mr. MACKENZIE: Yes.

Mr. DIEFENBAKER: Well, Mr. Chairman, the Minister of Veterans Affairs never ceases to interest me by the utterances to which he gives expression from day to day. On Saturday he was as critical of one of his brother ministers and that minister's department as he is of me. I sat here and never went to the defence of that minister, and neither did anybody else. My hon. friend now raises the sentimental appeal, and naturally that is something which appeals to me. Therefore I am going to ask the minister a very simple question. How much of the furniture referred to in item 600 is going to the Department of Veterans Affairs? Let us have all the requests, by departments.

Mr. MACKENZIE: Quite a lot; I can tell you that.

Mr. FOURNIER (Hull): I could not give you that.

Mr. DIEFENBAKER: No?

Mr. FOURNIER (Hull): Wait a minute; this is an estimate. If the hon. gentleman was interested in past expenditures; if he had asked where money had been spent, that would be all right, but he is asking me how much of an estimate will be requested by one department or another. Only four months of this fiscal year have gone by. I could probably get the information with respect to those four months, but I cannot say what the requests will be from these departments during the next eight months. This is the estimated amount. You are talking of estimates; you are not perusing expenditures that have been made by the department. There is all the difference in the world between an estimate, what we think these departments will request during the year, and the expenditures that were made. They are not the same thing at all.

Mr. ROSS (Souris): I was just going to suggest that this item might be allowed to stand, because we are not getting a very clear story of the situation. With respect to what was said by the Minister of Public Works, the last time interim supply was voted, which was on July 25, at page 3842 of *Hansard*, the Acting Minister of Finance said:

> I think there is a proportionate amount to each department, yes, but it is not tied to a particular item.

I do not know whether the acting minister was sure of that at the time, but those were his words.

Mr. FOURNIER (Hull): As I understand the procedure, the interim supply bill mentions a global amount, made up of one-sixth or one-twelfth of every item appearing in the estimates. As I understand it that is the procedure followed; they take one-sixth or one-twelfth of the total, and that amount is allotted to the departments under the titles and items shown in the estimates. If I am asked questions about specific projects under my department I can give all the details, but here we are estimating that during the year requests from these government agencies will amount to around $300,000. I cannot stand up here and say: well, the wartime prices and trade board is going to ask me for just this amount during the year. That is in the future, and until those requests are made I cannot give the amounts they will want during the year. I am estimating, and my officials

are estimating, that during the year requests will amount to this total, and if they do not, the money will, of course, not be expended.

Mr. DIEFENBAKER: Then how much has the Department of Veterans Affairs requested for furniture so far this year?

Mr. FOURNIER (Hull): There is more than one vote for furniture in these estimates, and I would have to ask the officials to look up all the requests from veterans affairs from April 1 to date and bring that information.

Mr. DIEFENBAKER: And the various other departments, in the matter of furniture?

Mr. FOURNIER (Hull): I can get that report. It will take quite a while, but I can send it to my hon. friend if he wishes it and then he can use it in the house.

Mr. FULTON: No. The Minister of Veterans Affairs made a sentimental appeal on behalf of his department, which he said is looking after the veterans and which needs furniture.

Mr. FOURNIER (Hull): For public works this is a business proposition. I have to provide the moneys to buy this furniture. I ask the officials to make an estimate, for which I will ask the approval of the house during the session. They give me the closest estimate they can find for these different departments, and in the present instance that is $300,000.

Mr. DIEFENBAKER: "Find" is good.

Mr. FOURNIER (Hull): If hon. members want some specific information respecting some item in some department, then I am at the disposal of the committee to have that information prepared and to send it to the committee or to the hon. member. If more than that is asked, I do not know how anyone could give the answer.

Mr. BOUCHER: Break down the estimates of the department.

Mr. COCKERAM: Has the Department of National Defence requisitioned for any furniture?

Mr. FOURNIER (Hull): I cannot say that, without having a report from the officials. If the hon. member will give me a detailed item I will ask the officials if they are prepared to answer.

Mr. HANSELL: I have been waiting for the minister to come to the end of this discussion, before bringing to his attention another matter.

[Mr. A. Fournier.]

Mr. FOURNIER (Hull): Shall we complete the discussion on this item 600 before the hon. member makes his remarks? There are three more items to be passed.

Mr. HANSELL: It does not matter, so long as I have an opportunity to say something before these estimates are passed.

Mr. DIEFENBAKER: The information we have obtained thus far is worthless. As a matter of fact the minister quite frankly admits he does not know how the $300,000 is made up, and he does not know how much the various departments have asked. He says that if it were expenditures made in the past he could give the information. So I will ask him about the $600,000, which was the expenditure for furniture last year by his department. Will the minister apportion that money among the various departments?

Mr. COTE (Matapedia-Matane): Is the opposition—

Some hon. MEMBERS: Sit down.

The CHAIRMAN: The hon. member for Matapedia-Matane.

Mr. COTE (Matapedia-Matane): Is the opposition simply asking for a page from the public accounts? Why should we lose the time of the committee and the money of the people to read over the public accounts of this country?

Mr. ROSS (Souris): Where have you been all this time?

Mr. MACKENZIE: Question.

The CHAIRMAN: Is the committee ready for the amendment?

Some hon. MEMBERS: Yes.

Some hon. MEMBERS: No.

Mr. ZAPLITNY: Before we vote on the amendment—

Mr. MACKENZIE: Question.

Mr. FOURNIER (Hull): It has been said that these expenditures will be found in the public accounts. I can have the whole volume showing the expenditure of the $600,000 laid on the table, because if the committee asks me to give the amount for every item, from $10 up—

Mr. DIEFENBAKER: How much for each department?

Mr. FOURNIER (Hull): —which was comprised in that $600,000, it would take a staff of I do not know how many people a considerable length of time to compile those expenditures. But they are all in the public

accounts, and will be seen when the auditor general lays his report on the table. They would form a large part of the public accounts I would lay on the table. I have been here for sixteen years, and I cannot recall one occasion when the Minister of Public Works has been asked to give the details of expenditures for furniture. But if any hon. member wishes any specific case, all he has to do is ask and we will answer.

Mr. FULTON: He has just asked.

Mr. FOURNIER (Hull): The public accounts are laid on the table in the regular way, according to law. I could stand here and read them, or ask my officials to prepare a list of them during the week, showing the amounts and names. I would do so, and with pleasure, but it would take a long time to get it ready. It would take some considerable time to get every item for furniture. But I am ready to give the information on any particular item which would be requested, and I am ready to have the whole thing tabled. But to read it in the house—why, it is a volume of several hundred pages.

Mr. MacINNIS: The committee is not asking the Minister of Public Works to give a detailed statement of every item in the $300,000. The hon. member for Lake Centre asked for the division among the various departments of government.

Mr. DIEFENBAKER: Correct.

Mr. MacINNIS: In my experience in the house no minister has refused to give a breakdown of the items in his estimates. Hon. members are entitled to that information. We do not want every item—every screw, and nail and hook.

Mr. FOURNIER (Hull): I think the hon. member is right, and in that connection I am trying to recall one item. Not long ago I bought about $19,000 or $20,000 worth of filing cabinets. These are kept in the stockroom of the Department of Public Works. We buy certain things in lots. I can hardly tell hon. members how many of these filing cabinets will go out in the next week or the next two weeks to this department or to that one. When the year is over and the accounts are made up, the information is in the public accounts.

Mr. MacINNIS: And that is what we are asking for, for the last year.

Mr. DIEFENBAKER: What about 1945-46?

Mr. FOURNIER (Hull): I do not think that at this time the compilation of public accounts for last year will be ready. When the auditor general makes his report, it will be tabled.

If we buy fifty or sixty desks they are put into the stockroom. When a department requests to have a desk of one type, we send it. We think we are operating on good business principles when we buy in quantities rather than singly, because in this way we buy for better prices.

How could we divide up those desks, and say what would be asked for, from month to month, to March 31? I am ready to answer any question, if it is at all possible to answer them. I shall try to explain how this is done, but I do not know how I can explain that these filing cabinets will be requested by one department or another.

Mr. MACDONNELL (Muskoka-Ontario): I grow more and more surprised that the minister is not prepared to give these figures. I wish to remind the committee that I think it is only fair to say it was the minister's own statement which first of all made us feel queer. In effect he said that these things were put up to him, but he could not do much about the matter. Then he went on to mention this committee of economy which, I am bound to say, seems a most extraordinary committee of economy, because apparently any evidence which is not very great, but any we have up to the present would indicate that it prevents the ordinary routine of common sense from taking place. That is to say, those who have shall give to those who have not.

Next we had an appeal from the Minister of Veterans Affairs, in true highland style, in which he asked the hon. member for Lake Centre to withdraw his amendment on the ground that to a great extent this furniture had gone to the Department of Veterans Affairs.

I submit it is a most reasonable request for us to ask for a breakdown, and I wish to say again that all of this really traces back to the minister's own obvious discomfort with the situation in which he found himself. That is the way I understood the import of the minister's remarks, and that is the way I think it is.

Some hon. MEMBERS: Question.

Mr. FRASER: Is any of this money going to refurnish the new theatre the film board is putting up? They have two theatres. They are tearing down one and rebuilding one.

Mr. FOURNIER (Hull): That is an outside corporation. I am not purchasing for the film board.

Mr. FRASER: You are purchasing for the different departments.

Mr. FOURNIER (Hull): Yes, but not for the film board.

Some hon. MEMBERS: Question.

Mr. FULTON: The minister said if we would make a reasonable request he would try to comply with it. He has been asked, if he could not give us the information for this year, to let us have it for last year. He was asked to state the value of the furniture supplied last year to the Department of Veterans Affairs, and the value of the furniture supplied to the Department of National Defence. Surely there are files from which that information can be obtained.

Mr. FOURNIER (Hull): My officials tell me that it would take some time to work out the whole breakdown. It is not done in that way in the department, but we can do it to please hon. members and I could give the answer as soon as I get it from the officials.

Mr. DIEFENBAKER: This shows—

Some hon. MEMBERS: Oh, oh.

Mr. DIEFENBAKER: I am not worrying about interruptions. Some hon. members have been out of the Chamber all afternoon, but they are back now that there is a possibility of a vote. I am simply trying to find out the basis of this item, and the minister says that he cannot give me that information but that he can give me any information he has with respect to expenditure. Last year the amount expended for furniture was $600,000 and I want to know how that was divided among the departments. Two years ago there was a director of economy, but when he started to direct economy he found he had to leave his job. We now have Mr. Murphy as director of economy. I should like to know exactly how the system works. Apparently the minister receives chits from various departments, but he keeps no record because it is impossible to give that information.

Mr. FOURNIER (Hull): Oh, yes, we do; that is not fair.

Mr. DIEFENBAKER: All we are asking for is how much was spent for the Department of Veterans Affairs. I was greatly moved by the address of the minister, and I began to think that all the $300,000 worth of furniture was going to the Department of Veterans Affairs.

Mr. MACKENZIE: Oh, no.

Mr. DIEFENBAKER: That was the purport of my hon. friend's most eloquent speech. I am trying to find out how much goes to these various departments, and I can make it even more simple. Up to date we have voted five-twelfths of supply, and I should like to know how much has been expended during the present year on furniture for veterans affairs, national defence and reconstruction. Surely we are entitled to that information. The minister says it is only a matter of a few hundred thousand dollars. That is the philosophy and psychology against which we protest. We say, "carried, carried"; then we finally come to an item where we ask for some information and the answer we receive is that there is no information for us. Surely that is not good enough. We do not want particulars as to the number of desks, the number of chairs or anything of that sort; we just want the total amount for each department, and when we have that this item will be carried as usual. Surely we are entitled to that much information; otherwise we can only conclude that tremendous expenditures are being asked for by the Department of Public Works when there is no information with regard to the necessity of those expenditures or no information as to how they are going to be disbursed.

Mr. ROSS (St. Paul's): The minister said that $600,000 was expended last year.

Mr. FOURNIER (Hull): I did not say expended.

Mr. ROSS (St. Paul's): Where is that vote of $600,000 in the estimates of last year?

Mr. FOURNIER (Hull): It is right in the book. Six hundred thousand dollars was the amount voted last year for that same item.

Mr. ROSS (St. Paul's): Where did we vote that money last year?

Mr. SINNOTT: That can be found in the public accounts. This year they are asking for $300,000. This $300,000 worth of furniture may be purchased from War Assets corporation or any other company. It is all in the budget and I do not see any sense in asking useless questions.

Mr. ROSS (St. Paul's): Can the minister tell me where we voted the money last year?

Mr. FOURNIER (Hull): In the war appropriation vote.

Amendment (Mr. Diefenbaker) negatived.

Item agreed to.

General—

603. Contingencies, $10,000.

Mr. HANSELL: I should like to ask the minister a question that has been bothering me a long time and I am sure it has been

bothering a lot of other people. Some months ago I asked if anything could be done to improve the acoustics in this chamber and I understand some engineers were brought in to look over the situation. I wish to know what they reported and when we can expect that something will be done about the matter.

Mr. FOURNIER (Hull): We have had experts in to see if loud speakers can be installed in the chamber or if the acoustics can be improved. We have sent their report to the Speaker with our recommendation that loud speakers should be installed. We are waiting now to get in touch with Mr. Speaker and expect to proceed in the near future to experiment at all events.

Item agreed to.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

ROYAL CANADIAN MOUNTED POLICE

350. Marine services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses, $1,402,953.

Mr. MACDONNELL (Muskoka-Ontario): Perhaps I should have asked this question under item 348. The minister has been good enough to show me a report which I have not yet had time to read in full. Would he be kind enough to say something about this marine branch of the Royal Canadian Mounted Police?

Right Hon. L. S. ST. LAURENT (Minister of Justice): Before the war the Royal Canadian Mounted Police had a marine branch which was active in guarding the coasts and preventing smuggling in that manner. At the outbreak of war the members of this marine branch were incorporated in the naval services. With the surrender of the enemies and the diminution of naval war services, the necessity for resuming coast protection work reappeared, and the Royal Canadian Mounted Police acquired certain units from the surplus naval equipment and took over as they were demobilized the personnel of the Royal Canadian Mounted Police which during the war had been serving with the navy. The amount of this vote is detailed at page 208 of the book of estimates: pay, $376,951; housing and quarters, $76,700; clothing and equipment, $39,900; medical services, $7,000, et cetera.

With respect to medical services, the situation is that these services used to be provided to the Royal Canadian Mounted Police by the Department of National Health and Welfare, and are now being provided by the Department of Veterans Affairs; but for the purpose of having the appropriations made to the departments that get the services the practice is being instituted of each department asking parliament for the amount it expects to require for the service, even though that amount is paid by it for the service to another department. It is thus that the Royal Canadian Mounted Police do certain work for other departments and are reimbursed, because the cost of the service is provided for in the estimates of the other departments. We do likewise in connection with this item of medical services. There is also a substantial item which is in the demobilization and reconversion portion of the estimates and which provides for the cost of the equipment acquired directly from War Assets Corporation, but indirectly from surplus naval equipment. We were allowed to specify such things as we required and which were surplus to the requirements of the navy; for the purposes of accounting they were put through War Assets Corporation books, and we are asking parliament for an appropriation to pay the cost thereof to War Assets Corporation. The amount paid is really a bookkeeping transaction; it will go back to consolidated revenue. But the practice is being established of having each department ask parliament for the appropriation of the moneys required to perform the services for which it is responsible, even though it may apply to some other department for a part of those services.

Mr. MACDONNELL (Muskoka-Ontario): Are the conditions of service, specifically pay and allowances, *mutatis mutandis* the same for the police who are on the marine section as in the others?

Mr. ST. LAURENT: They are the same. They are classed by the officers of the Royal Canadian Mounted Police in the proper categories, but pay and allowances are the same for all the classes, whether the work is being done on land or on sea.

Mr. ROSS (St. Paul's): I see the commissioner sitting over there advising the minister, and I hope that the few words I have to say will not make him blush so hotly as to make this chamber unbearable in the next few minutes. I do not know anybody who has given better service to his country than the commissioner. I know of no one who has been more sympathetic throughout the course of his official life; I do not know of anybody who has gained more respect for his conduct and achievements than the commissioner has. I rose for the definite purpose

of saying these things. The commissioner has charge of a great force. In this country the redcoats still represent law and order and enjoy the respect of everybody. When people from the United States come to visit us the first people they look for are the redcoats. If anyone comes and needs assistance he can confidently rely on the Royal Canadian Mounted Police. I do not know how well they are paid, but I am sure that all of us hope their pay corresponds to their work. They are members of a great service with a wonderful tradition. The other evening, when the Minister of Veterans Affairs was telling us something of the history of our country, this is one force he forgot to tell us about. Their record is one of the greatest in Canadian history; but for them we never would have had the Canada which is ours to-day, with its high standards of law and order. Whenever new mining and other settlements were set up in this country the redcoats were to be found there. In this connection may I point out that Commissioner Wood is a graduate of the Royal Military College of Canada, a fact which indicates the sort of training given by that great institution.

Mr. GRAYDON: So is the hon. member for St. Paul's.

Mr. ROSS (St. Paul's): Why bring that up? There is one more thing I wish to say. Commissioner Wood has to handle not merely people of one language or extraction but a varied humanity, and the manner in which he has dealt with people of foreign extraction during the war has made them all love him and has been of the greatest assistance to Canada in preventing sabotage. During the war we were all worried about sabotage, but the commissioner and his entire force are together responsible for our record in that respect. It is they whom we have to thank for the absence of sabotage during the war. I could not allow this opportunity to pass without saying how proud we as Canadian citizens are of our great northwest mounted police and of all its officers.

Mr. FRASER: How does the marine service compare now with what it was before the war? This year the estimates of the R.C.M.P. are nearly $4,000,000 more, and I wondered how that service compared with what it was before and the reason for the big jump.

There is one more question. Before the war, did the R.C.M.P. have an officer in each public building as at the present time?

An hon. MEMBER: That is not marine service.

The CHAIRMAN: I would remind the committee that we are considering vote 350, marine services arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses.

Mr. FRASER: You are quite right, Mr. Chairman, but owing to the fact that you called the item "carried" so quickly we did not have a chance to get up on it.

Mr. ST. LAURENT: The hon. member wishes to know how the marine section compares with what it was prior to the war. The establishment prior to the war was 236. The establishment that has been authorized, though we have not yet got the full complement, is 280. Before the war the branch operated 32 comparatively small ships. It has acquired new ships, some being of the Bangor and Fairmile type which are much safer and can operate on high seas much more effectively than the smaller units which were in operation before the war.

Mr. FRASER: In consequence of having these more efficient ships, which can cope with rougher seas, is the R.C.M.P. covering a more extended coast line?

Mr. ST. LAURENT: Yes. It is covering more ground, and it is intended to have R.C.M.P. patrols on the great lakes for the protection of the revenue along that portion of the Canadian frontier.

Mr. FRASER: That will be on lake Ontario, lake Erie, lake Huron, Georgian bay and right through lake Superior? Will there be one ship on each lake, or will one ship cover all the great lakes?

Mr. ST. LAURENT: I understand that there will be six posts. It is intended that the force shall be quite mobile, moving wherever requirements for the protection of revenue make it necessary.

Mr. FRASER: Are they Fairmiles or faster ships?

Mr. ST. LAURENT: These are three-man crew harbour craft on the lakes.

Mr. FRASER: Where would the ports be?

Mr. ST. LAURENT: Cornwall, Kingston, Sarnia, Sault Ste. Marie, Windsor—

Mr. McIVOR: Fort William?

Mr. ST. LAURENT: Not yet—

Mr. FRASER: No villages.

Mr. ST. LAURENT: —and we trust that the people of that region will continue to be so well behaved that it will not be necessary to patrol it.

Mr. McIVOR: I thank the minister for his courtesy. We have mounted police at the head of the lakes, and the only word I have to say with regard to their uniform is that their red coats should be trimmed with green, or they should have green coats trimmed with red. The mounted police there are held in high esteem.

Mr. SENN: Have these boats which are to be put on the lakes anything to do with policing the fisheries on the great lakes as between the two countries?

Mr. ST. LAURENT: No. I understand that normally they will not be concerned with patrol for fishery purposes. It would be only on special request from the Department of Fisheries that they might be expected to give assistance.

Mr. COTE (Matapedia-Matane): Will the representatives of the R.C.M.P. in the various embassy offices wear that uniform?

Mr. ST. LAURENT: They are represented only in London and Washington.

Mr. MACDONNELL (Muskoka-Ontario): Are these figures of expenditures net or gross? The force does policing jobs for various bodies for which payments are made. Are these net figures, or would the payments made be deductible from these amounts?

Mr. ST. LAURENT: These are gross figures and all payments received go into the consolidated revenue fund.

Mr. MACDONNELL (Muskoka-Ontario): I do not wish to magnify the point; but would it not be of interest, and give a better understanding of the position, if we knew what the net figure is? This expense is greater than the actual amount.

Mr. ST. LAURENT: It would hardly be relevant to this item, but I may tell the hon. member that the R.C.M.P. under contract with certain provincial governments, do the work of provincial police in Prince Edward Island, Nova Scotia, New Brunswick, Manitoba, Saskatchewan and Alberta and, in addition to that, have undertaken in the western provinces the policing of fifty-five of the smaller towns. The reason for that is not to centralize police work; but it so happened that the R.C.M.P. had to be represented in those districts and, by adding a relatively small number of personnel to that which it maintained to carry out its responsibilities generally, could take on the additional responsibility of performing provincial police work. The reason for the accounting being in that form is to follow the general practice. All receipts go into the consolidated revenue and all expenditure that passes through the department has to be voted by parliament.

Mr. MACDONNELL (Muskoka-Ontario): I assume that is the reason. May I venture to suggest to the minister that it would be illuminating in future years, if the government accounting will not let us get what I regard as the real figures, to have a footnote appended so that we should at least know what the actual amount is.

Mr. ST. LAURENT: I shall be glad to get that for the hon. member. The general form of contract is $1,000 per man. That, of course, does not cover what each man costs, but because it is only a relatively small number of men who have to be added to what we would have to maintain anyway, the amount of $1,000 per man charged to a provincial or a municipal government for the additional service is regarded as fair.

Mr. FRASER: I asked the minister a question regarding the Royal Canadian Mounted Police in the different buildings, and he was going to answer when I was interrupted.

Mr. ST. LAURENT: Though it is not relative to this item, I appreciate that the hon. member would like to have the information. It was in 1920 that the police force took over the dominion police force which, prior thereto, had had responsibility for guarding the buildings. The R.C.M.P. still has that responsibility; but, as I said on a previous occasion, there has been entered into recently with the corps of commissioners a contract whereby that work will be performed by the corps of commissioners under the direction and on the responsibility of the Royal Canadian Mounted Police, because it was realized that it was not encouraging to the development of the qualities required from the active men of the police force to have this guard duty to perform. An effort is being made to have that part of the work done by the corps of commissioners which, I understand, has as its operatives veterans of our services who are glad to get work of a rather sedentary kind.

Mr. DIEFENBAKER: In view of the fact that under this section there is generally the enforcing of federal statutes, I was wondering whether or not, in the light of the statements in the press during the past few days relative to the activities of the Royal Canadian Mounted Police against espionage, the minister would make a statement on the men. The hon. member for St. Paul's mentioned the magnificent record of the men during the period of the war. To-day the same work is being carried on to prevent espionage in our

midst, and has been carried on ever since the end of the war and before that time. A day or so ago the Canadian Press dealt with one phase of the matter. They quote an unimpeachable source which points out that there was quite a racket in regard to hockey players crossing the frontier. In particular, they mention that the preliminary stages of the probe had disclosed that some of the fake passports were made out in the names of players supposedly going to England, in spite of the fact that hockey teams were not operating in that country during the war. The article also points out that in cooperation with the Royal Canadian Mounted Police a similar investigation is continuing in the United States through the means of the bureau of investigation. Is the minister in a position to give a report on what the mounted police are doing in this connection; the extent, if any, of the ramifications of a racket in the matter of false passports and, generally, what measures are being taken by the minister's department to assure that this country shall be protected from the activities of communistic agitators?

Mr. LESAGE: What has this to do with marine services?

Mr. DIEFENBAKER: Generally it refers to it, if the hon. gentleman will read the item.

Mr. ST. LAURENT: Since that question arose, and before that, it was carefully, completely and diligently gone into, and I am happy to be able to state that to the credit of the sporting fraternity of Canada there is nothing whatsoever in any of the false passports which could be linked up with the travelling of our sporting enthusiasts. I was informed this morning, though the question had not come up, but because I was personally interested in it, that the police had completed their investigation and they could assure me that the skirts of all the hockey and other sporting organizations were quite clean and that they had not been used in any way to facilitate the obtaining of false passports.

Mr. DIEFENBAKER: I am glad to hear that.

Item agreed to.

352. Grant to the chief constables' association of Canada, $500.

Mr. GRAYDON: Some time ago I asked the minister a question with respect to a resolution passed by the chief constables' association of Canada regarding repeater criminals. The minister must find the resolutions passed by this association of considerable help in his administration, because of the experience they have had of the problems which come before the department. Has the minister anything further to add to the statement which he made at that time when he mentioned that this matter was being dealt with by the new penal commission? Is there anything further to report to the committee at this time?

Mr. ST. LAURENT: I have only a provisional report which I can make. The penitentiary commissioner has been travelling about visiting the penal institutions and profiting by his travels to communicate with the officials of the attorneys general of the provinces. After each trip he has made a verbal report to me. As one would naturally expect, he has met with the most cordial reception everywhere and with the expressly stated desire to bring about closer cooperation among the enforcement officers of the country, whether federal or provincial, to deal with that aspect of the situation. He has not yet had an opportunity of visiting all Canadian centres, but he is, I think, fulfilling the hopes which had been placed in him as to the efficiency of his work in that direction.

Mr. MERRITT: Would the minister permit me to ask a question about item 351 which went through so quickly that I missed it? I note that there is an item of $295,000 for acquisition of aircraft. Would the minister say how many aircraft the R.C.M.P. are to have and generally give us the purpose of this air service? Will these aircraft be bought from the R.C.A.F. and therefore will not cost the country additional money, or are they to be bought new from private sources?

Mr. ST. LAURENT: As the hon. member knows, the mounted police had a small air arm before the war, which was turned over to the department of defence for air when war broke out. That branch of the service is being reestablished, and the force has now five aircraft. It has not yet acquired any large craft that would be available to transport a group of constables who might be required for special service at any point, but has an arrangement with the R.C.A.F. to provide it, naturally at the cost of the R.C.M.P., with transport planes when occasion may require. There are two Beechcraft, one Drummond Goose, and two Norsemen. The commissioner returned on Saturday from an extended trip which took him away up into the arctic region. In a period of not more than two weeks he was able to visit all the posts of the northwest, away up in the arctic circle, and I am convinced that a visit from

the commissioner to these posts is of considerable value to the morale of the men who serve in those outlying districts.

Mr. MERRITT: I have no doubt of that. I wondered, though, if this item provides for the acquisition of new aircraft, in addition to the five the minister has mentioned or whether it is to pay for those five, or what expansion is proposed.

Mr. ST. LAURENT: There is $45,000 for one Norseman, and $250,000 for two Douglas Dakota C-47's, at $125,000 each.

Mr. COCKERAM: I should like an explanation of the item for allowances, including billeting, messing and provisions. In the three branches of the service there is for this purpose a total of something like $361,000. Why is that amount spent on messing in addition to pay and allowances?

Mr. ST. LAURENT: That is the general living allowance at the normal rate for men living out of barracks.

Mr. COCKERAM: Do they run any messes with that?

Mr. ST. LAURENT: Not in the aviation branch. I do not know why it is described in this way, but I am informed that this is paid at the established rate for men living out of barracks.

Item agreed to.

Pensions and other benefits—

353. To compensate members of the Royal Canadian Mounted Police for injuries received in the performance of duty, $12,750.

Mr. LENNARD: It is my understanding that when, after years of service, a member of the mounted police is pensioned, after his death none of that pension is continued to his widow during the remainder of her lifetime. When a member of the permanent force is retired on allowances, after he dies his widow gets fifty per cent of the pension for the remainder of her lifetime. It seems to me that this is very unfair, and I would certainly like a complete explanation as to the reason for this difference.

Mr. ST. LAURENT: There was established in 1934 by chapter 40 of the statutes of that year a scheme for the pension of widows and dependents. That is part VI of the Royal Canadian Mounted Police Act, and it has been in operation since that year.

Mr. LENNARD: Then my information was wrong, was it?

Mr. ST. LAURENT: Well, I would have to qualify my acquiescence in that remark; it was partly wrong. There are those who since 1934 have chosen to come under part VI of the Royal Canadian Mounted Police Act and make contributions to a fund set up under that part. Quite a large number of the older members did not choose to come under that part and make the contributions required in order to get the benefit of it.

Mr. LENNARD: How would those contributions compare with those made by men in the permanent force?

Mr. ST. LAURENT: The contribution is five per cent, as it is under the Civil Service Act, and schedules were set up showing the back payments which would be required for those who did not commence to contribute when they entered the service.

Mr. LENNARD: It is the same, then, for one who takes advantage of it, as the civil service superannuation?

Mr. ST. LAURENT: I am informed that it is, that it is modeled on the civil service superannuation scheme.

Mr. McKAY: We are discussing item 353, I believe?

Mr. ST. LAURENT: Yes.

Mr. McKAY: It has nothing to do with pensions, as I understand it.

Mr. LENNARD: Then where would you bring up any question concerning pensions?

Mr. McKAY: Under the next item.

Mr. LENNARD: Read that one.

Mr. McKAY: I am going to. Upon what basis are the Royal Canadian Mounted Police compensated for injuries? I think that properly comes under this item. It seems to me that this appropriation is very small. Is this in the nature of a workmen's compensation, or is it straight pension, and who determines the amounts?

Mr. ST. LAURENT: The amount is determined by the officers of the force, but they submit the claims for recommendation to the pension board of the Department of Veterans Affairs. They submit a statement of the facts and get a recommendation as to what would be the assessment made by the pension board if it came under the Pension Act.

Mr. McKAY: The same as for a military pension?

Mr. ST. LAURENT: Yes.

Mr. HARKNESS: When we were discussing the mounted police several days ago only one of the several questions I asked was not

cleared up fairly satisfactorily by the minister. That was in connection with the position of men who, their time in the mounted police having expired, preferred to join the services rather than reenlist with the mounted police. I should like the minister now to tell the committee whether these men will be taken back into the service more or less automatically, or what is to be their position.

Mr. ST. LAURENT: I cannot say anything more than I said the other day. They are being treated just as sympathetically as can be done without breaking the promises that were made to those who stayed with us. Everyone who has wanted to come back has come back, in the rank he held when he left. There are seven who have not been granted seniority over those who stayed and served us as we requested them to do.

Mr. HARKNESS: If I understand the minister correctly, of the men who joined the services and who have indicated their willingness to come back, only seven have not been taken back?

Mr. ST. LAURENT: They have been taken back in the rank they held when they left; but they have not been given seniority over those who did not go.

Mr. HARKNESS: Do I understand correctly that only seven men of those who have applied to rejoin the force have been refused?

Mr. ST. LAURENT: No. What I am saying is that there are only seven who, when their contracts expired, left the force and who have applied to come back and who, being fit to serve, were reengaged and have not been granted seniority over those who did not leave. They were all non-commissioned officers. They have been given back their rank, but not the seniority they would have earned if they had complied with the request made to them to continue in service here. The case of each one has been carefully considered by the commission, and I think the discipline in the force testifies to the fact that the commissioner gives his men a fair deal. I have never tried to overrule his decisions in that matter, and I think it would be harmful to the discipline of the force if the men felt that it was not the commissioner but rather the minister who was making final decisions.

Mr. HARKNESS: I understand that there are probably seven special cases of men who did not get the seniority they might have, if they had stayed on the force. We will leave them aside because, after a considerable number of years in the army, I can readily imagine that cases such as that arise, and there may be very good reasons for them. However, my question actually concerns the number of men who joined the forces rather than reengage in the mounted police force, who have not been accepted for reengagement, now that the war is over. How many men are there of that kind, and what is their fate?

Mr. ST. LAURENT: All those, with the exception of a few whose records did not recommend them to the judgment of the commissioner, have been reengaged. No one has been refused because he went into the armed forces instead of renewing his contract. There have been no refusals on that ground. There have been a few whom, having left the force, whatever their reasons for leaving may have been, the officers of the force did not feel that they wished to reengage.

Mr. HARKNESS: My information is that a certain number of men who joined the services when their time expired in the mounted police have been refused readmission to the mounted police, so far as I know without any proper cause.

Mr. ST. LAURENT: If the hon. member would give me the names of those who have been refused I shall confidentially communicate to him or, if he wishes, I shall put on the records of the house the reasons for which they were refused.

Mr. HARKNESS: I shall be glad to give a few names. But my question was this: How many people have been refused readmission to the service after having served in the navy, the army or the air force?

Mr. ST. LAURENT: None has been refused because of having served in the navy, the army or the air force.

Mr. HARKNESS: I am afraid the Minister of Justice is begging the question. My question is simply this: How many people who did serve in the navy, the army or the air force and who have subsequently applied for further attestation or admittance to the mounted police have not been taken on strength?

Mr. ST. LAURENT: The commissioner informs me that he recalls only two who have been turned down.

Mr. KIDD: I would bring to the attention of the minister that there would appear to be a condition in the mounted police something similar to that which was found in the penitentiaries service. Both these services come under the minister's jurisdiction. I bring this matter to the minister's attention because he will recall a time before 1939, as far back as 1937, when the air force was asking for men.

Those were trying times. Men left the police service and went to serve in the air force. Some of them were veterans of the last war, and they lost their rights to pension. I appeal to the minister, as I did in connection with those in the penitentiaries service, to see that when these men come back under his jurisdiction they receive justice. They should be put back and every consideration should be given to them for the services they have rendered.

Mr. ST. LAURENT: Under the present state of the law we are not allowed to count the war service for pension purposes, unless a man obtained leave and was still nominally on our books. But there was a provision made after the last war to enable that period to be included. It is my hope that when the military pension scheme has been disposed of it will be possible for me to bring forward a bill to amend the Royal Canadian Mounted Police Pension Act. I should think it might be agreeable to the house to do on this occasion what was done after the last war, and for the same reasons.

Mr. KIDD: That is what I want. There seems to be a feeling in the various departments that the men who left in the early days of the war and before the war to join the armed services did not receive very much encouragement from the senior men in their departments. They said, "We want to keep you in the mounted police service", or in the penitentiaries service, as the case may be. However, these men left to fulfil what they believed was their obligation to His Majesty. They proceeded overseas, and came back. I appeal to the minister to see that any men under his supervision get a square deal. I believe most of them are prepared to pay to the pension fund, if accepted. I will not say there is an effort to draw a red herring across the trail, but they are not receiving the consideration they should receive.

Mr. ST. LAURENT: They have been told that, under the law as it is, that period cannot be included. The only reason I did not have a bill at this session was that I understood there was to be a bill dealing with the military pensions, and I thought it would be preferable not to have the two bills at the same time, in view of the differences between them. I feel it is better that they be dealt with separately. There are things required in the military Pension Act which are not required in our act, and conversely there are things we think are necessary in our act which are not required in the military Pension Act. There will have to be a bill—I hope at the next session—to amend the Royal Canadian Mounted Police Act. When there was a bill brought in after the last war to amend that act there was a provision that the period of service, even for those who had not previously been connected with the force, would be counted for pension purposes in the force.

Mr. DIEFENBAKER: The minister should be commended for his intention to have a bill such as he has indicated brought in at the next session. That is a change which will be most gratifying to the men in the mounted police who have had a certain feeling of annoyance at the law as it now stands.

I would add one other suggestion to the minister. Reference has been made to the men who, serving in the mounted police and coming to their period of retirement during the war, were requested to stay on in the mounted police force, but chose to join the army and go overseas to serve. While they were overseas, quite a number of these mounted police married. They came back from overseas and, when reinstated or accepted for reattestation, they were, as I understand the situation, taken in as single men. Having regard to the fact that they did serve and that, had they stayed in Canada in the mounted police, their time would have counted toward the period after which they could be married, I think these men should be permitted to count the time spent overseas in arriving at the period within which they are permitted to marry and receive the necessary allowances. I know the attitude of the minister toward the mounted police has been reasonable; I know that fairness appeals to him as it does to the commissioner, but this is one of those things that cause a degree of ill-feeling which cannot but interfere with morale. With the greatest of sincerity, I suggest that it is not a large matter and that these men who got married overseas should be permitted to count their time in the armed forces in the determination of the period within which the necessary allowances would be made to their wives.

Mr. ST. LAURENT: I am sure that the suggestion made by the hon. member appeals to all hon. members. The commissioner, as well as ourselves, realizes that in that respect the morale of the whole service must be taken into account, and the commissioner makes the kind of recommendation that is proper for the morale of the whole service. A substantial proportion of the R.C.M.P. must remain single for a certain period because there is much of the service that has to be performed by

single men, and these men must be made to feel that the regulations are being applied justly to the whole force.

From my discussions with the commissioner, I know it is his desire to leave in the regulations no more than is essential for the performance of the work, and to apply them in such a manner that no individual will feel that discrimination is being exercised in favour of any other individual of his class or category. There has been some relaxing of the marriage regulations, and that relaxation is being carried to the greatest possible extent compatible with the services that the force is required to render. They are being applied as uniformly throughout the force as it is possible to do.

Mr. McLURE: I understand that the compensation paid to members of the Royal Canadian Mounted Police for injuries received in the performance of their duties is set by the mounted police act, and the compensation is quite small indeed. I have in mind the case of a man in my province who joined the force some forty-six or more years ago. After having been in the service for some time, he lost his arm at the shoulder while on duty. For a few years afterward he received the small pension he was entitled to under the act. This man has been trying to farm all his life and has made a fairly good attempt at it. Last year we applied to the commissioner on behalf of this man and through the kindness of the commissioner a full pension was granted, but this amounts to only $365 a year. The man is now about sixty-five years of age. The minister has indicated that there is to be a revision of the act, and I hope he will keep in mind those men who have suffered serious injuries while on duty and see that they get pensions in accordance with those paid to other persons.

Item agreed to.

354. Pensions to families of members of the Mounted Police who have lost their lives while on duty—

Mrs. Mary Emma Bossange, $456.25.
Mrs. Margaret Johnson Brooke, $821.25.
Mrs. Margert Cox, $410.63.
Mrs. Victoria Desjardins, $411.
Mrs. Georgina Harrison, $676.50.
Mrs. Letitia Kennedy, $423.50.
Mrs. Nora Jean Massan, $300.
Mrs. Margaret Nicholson, $547.50.
Mrs. Catherine Mildred Ralls, $675.25.
Mrs. Vera M. Ryder, $907.50.
Mrs. Doris Freda Sampson, $816.
Mrs. Amy Lillian Searle, $406.98.
Mrs. Madelaine Mary Shoebotham, $810.
Mrs. Eunice Wainwright, $602.50.

Mr. McKAY: I notice that one of the items in this vote covering pensions to widows of men killed while in the service of the mounted police is for only $300. A pension of $25 a month to a widow is quite small.

[Mr. St. Laurent.]

Mr. ST. LAURENT: These are recurring votes that are made from year to year. The pension granted is one-half the pension the husband would have received had he retired at that time. Some are quite small; but, as the hon. member knows, there has been no increase in the superannuation rates to civil servants or their dependents, and we do not feel that we could ask for an increase for dependents of R.C.M.P. men unless an increase were made in all superannuation payments.

Item agreed to.

Demobilization and reconversion—

613. To provide for increased activities of the force, $2,599,728.

Mr. FRASER: What is the strength of the force at the present time, and what was it in 1939?

Mr. ST. LAURENT: The whole of this amount will not by any means be expended this year. When the estimates were prepared we had hoped for an establishment of 690 additional constables, but we have not yet been able to get more than 100 to 120. We want to build up the force to the authorized establishment, but we want to build it up out of the proper material. Four months of the year have gone and we have succeeded in getting fewer than 120 additional men.

Mr. FRASER: How many men are there at the present time?

Mr. ST. LAURENT: There are 2,464.

Mr. FRASER: What was the strength in 1939?

Mr. ST. LAURENT: The authorized establishment was 2,500.

Mr. COCKERAM: How many men were taken on by the Royal Canadian Mounted Police during the course of the war, and how many have failed to reengage now that their term of service is up?

An hon. MEMBER: All those who have died.

Mr. COCKERAM: More than that, if you look into it.

Mr. ST. LAURENT: I am sorry I have not the figures here, but the commissioner informs me that only a small percentage have not reengaged at the expiry of their period of engagement.

Mr. COCKERAM: What I was getting at was this, that a number of men enlisted in the Royal Canadian Mounted Police during the war who would have been called up for military service, and I want to know how many of these men, now that the war is over, are out of the R.C.M.P.?

Mr. ST. LAURENT: I do not think the facts would justify the impression the hon. member has. During the war we conscripted men for service in the Royal Canadian Mounted Police, but we did not take men who were fit for military service. If men volunteered for service in the Royal Canadian Mounted Police they were not taken on unless they were considered fit for our service and were not fit for ordinary military service.

Mr. COCKERAM: I should like to ask the minister if, as a result of engaging men in the Royal Canadian Mounted Police during the war, he lowered the standard of physical fitness?

Mr. ST. LAURENT: No. Hon. members will realize that there was a pretty arbitrary system of determining military fitness for the armed services, and that system has not been adopted for the determination of the fitness of men to join the Royal Canadian Mounted Police; but I think their appearance justifies the feeling that generally the medical fitness of the R.C.M.P. is good.

Mr. COTE (Matapedia-Matane): Is there anything in this amount pertaining to the increase of our forces in regard to counter-espionage?

Mr. ST. LAURENT: The whole of the force is available for any of the operations which have to be performed by it, and we are aiming at an increase of 690 in the establishment.

Mr. JACKMAN: What is the marriage limitation in the case of new recruits to the mounted police?

Mr. ST. LAURENT: New recruits are not allowed to get married status in the force during the first five years.

Mr. JACKMAN: Am I to understand, from what the minister said, that men who were formerly in the force, and had leave of absence to enlist in war service, found, when they returned, that their service years—four, five, or even six—would not count against the marriage limitation?

Mr. ST. LAURENT: Those who got leave of absence were still carried as on the strength of the force and the war period would count in their favour for all purposes.

Mr. JACKMAN: The question we were discussing then was with regard to men whose term of enlistment with the force had expired.

Mr. ST. LAURENT: Yes.

Mr. JACKMAN: And who then, on their own, enlisted in the war services and now have reentered the force and find that the marriage term does not run during their war service. I may just add that, while there may be some strict legal rule in connection with the administration of the force to permit that proceeding, it does seem to me a grave hardship on a man who, first of all, must serve five years before he is allowed to be married, then serves the country in an equally dangerous, if not more dangerous form of service, and finds, having spent five or six years in war service, that still he cannot marry. I hope, the minister or the chief of the force will realize that there are many of us, and I think the great majority of the people of Canada, who feel that these men should not be unduly delayed, as far as the marriage restriction is concerned, because of their war service.

Mr. LENNARD: Item 613 covers clothing allowances, and I would suggest—though some may think it a foolish suggestion—that service ribbons be supplied as part of the clothing allowance, because these men in the R.C.M.P. who have to put up many service ribbons need to renew them every three months, and in some case the cost amounts to $15 or $20 a year, which is quite an item in the pay of mounted policemen.

Mr. ST. LAURENT: I do not know whether the hon. member is aware that we do issue our own service ribbons. We do not supply the ribbons for decorations won in other services than our own.

Mr. LENNARD: You mean, other than the R.C.M.P.?

Mr. ST. LAURENT: Yes.

Mr. LENNARD: That issue amounts to probably no more than one decoration.

Mr. COCKERAM: A few minutes ago, in reply to a question of the hon. member for Calgary East, the minister stated that there were seven members of the forces who had returned and been reengaged but were not given their seniority, and I wondered why there should be a difference in the practice in the government service, because in industry when a man comes back we are compelled to give him his seniority in the industrial organization.

Mr. ST. LAURENT: The reason is that a circular was issued at the beginning of the war explaining to all the men that this service of the Royal Canadian Mounted Police was essential to the safety of the state, and stating to them that as many as could be spared would be given leave of absence, but as to the others they were requested to continue in the service of their country in the R.C.M.P. force. They were told at

the time that those who did not get leave would forfeit their seniority if they left, and the others who remained were told that those who left would be forfeiting their seniority and that it would go to those who remained. It is that promise that I feel I cannot interfere with and that it would be improper to break to those who did stay and whose services to the country at least coincided with the satisfactory situation which was maintained here.

Mr. COCKERAM: The minister has explained that situation, but could he tell the committee whether or not that circular to which he referred was issued prior to the government regulation with regard to reestablishment in civil employment?

Mr. ST. LAURENT: I am told that it was. I do not know personally; I was not here then.

Mr. COCKERAM: Then it seems to me, if that circular was issued prior to that, that the government in regard to reinstating their own employees should obey the law which was subsequently made.

Mr. HARKNESS: A few minutes ago, when I was asking the minister a few questions about this matter, he told me that there were only seven cases of men who had not been given the seniority they had in the force before enlistment in the armed services; that these were more or less, as I understood it, disciplinary matters, and that the commissioner or the officers did not think too well of these particular chaps. With that I was quite satisfied, because undoubtedly disciplinary cases do arise. But if it is a matter, as the minister has just explained to the hon. member for York South, that the authorities put out a pamphlet or something along that line and that now they are saying, "Because we put out that pamphlet we will not restore anyone we do not feel like restoring", I am far from satisfied. As the matter stood before, I was satisfied with the explanation, but I am certainly not satisfied to be told that the government put out a pamphlet at the start of the war and that now they will cut off men who served in the forces because of that piece of red tape.

Mr. JACKMAN: May I ask the minister whether the general law on the statute books in regard to reinstatement in civil employment does not override the departmental regulations?

Mr. ST. LAURENT: In my opinion it does not.

Mr. HARKNESS: Could we find out from the minister whether this particular—

[Mr. St. Laurent.]

Some hon. MEMBERS: Sit down.

Mr. HARKNESS: I can wait for a long time if you want to yell. May I ask whether these men are now being cut off from reinstatement in pension rights and so on because they contravened some desire on the part of the force, expressed in a pamphlet, and which should not exist in the force, or whether, as I understood from the minister a short time ago, it is on account of the fact that there is a small number of men who were not desired back in the force because it was not thought that their services would be useful in the particular rank which they held when they enlisted.

Mr. ST. LAURENT: I thought I made it quite clear. As far as the commissioner can remember, there were two who were refused because he did not want them back on the force. As to all the others, they were taken back in the ranks they occupied at the time their contract expired, but they were not members of the R.C.M.P. when they enlisted. They had served the period for which they had contracted with the R.C.M.P. They left, their contract being at an end, and they now come back and say, "After we left you, we joined the forces and we would like to be taken on again in the R.C.M.P." With the exception of two, according to the information given me by the commissioner, they were taken back again. They were taken back with non-commissioned officer ranks they had before their contracts with the R.C.M.P. had expired, but they were not placed over the heads of those who had continued and renewed their contracts with the force. That is the whole situation.

Mr. HARKNESS: As I understood the situation, there were seven of these men who were taken back but not given the time they were away, as far as right with respect to seniority was concerned, and so on. My question was simply this: Were these men discriminated again, because it was not considered by the commissioner and officers that they should be back on the force? The minister gave an explanation with which I was quite satisfied, and my question now is, were these men denied seniority rights which other men were given, because it was considered that they were not sufficiently valuable to the police to fill these other ranks, or was it because, as the minister said to the hon. member for York South, a pamphlet had been issued and these men had not accepted what was set out in the pamphlet, and, therefore, would now be made to pay for it.

Mr. ST. LAURENT: Those seven were not given back seniority which had been acquired by others who had remained, and they could not be given back such seniority without its being taken from others who had earned it in accordance with the terms of their engagement.

Mr. HARKNESS: We have now a third explanation. I am really getting more confused all the time. I think everyone would have been happy with the original explanation given by the minister, but now we have a third explanation and I still do not know what the position is with regard to these men. I do not know how many there were. I know there were some.

Mr. COCKERAM: Are these men given pension rights for the years they served in the army, the navy or the air force?

Mr. ST. LAURENT: They cannot be given pension rights under the law as it stands.

Mr. JACKMAN: May I ask the minister whether, when the term of enlistment of certain men in the R.C.M.P. expired during the war years, which was five years, if they had reenlisted with the R.C.M.P., they would have been free to join one of His Majesty's services.

Mr. ST. LAURENT: No.

Mr. JACKMAN: Then all I can say is this. Some of these men of the highest spirit in the R.C.M.P. saw fit to serve their country in a field which was at least equal to that in which they had been, and to many of us, it seemed, a higher field since they risked their lives in the service. Had they enlisted in the R.C.M.P., they would not have been allowed to perform this higher service; but, having rendered that service they have infringed the desire, the discipline and the iron spirit of the R.C.M.P. administration and are prejudiced now when it comes to their present term of service. I think the matter is one in regard to which those of us who represent the people of the country should have a word to say; and if it differs from the views of those who happen to have the command of the R.C.M.P., I think we should at least put on record exactly how we feel. In my opinion these men who showed the higher spirit are discriminated against.

Mr. HARKNESS: Would the minister give an explanation to end all explanations as to why these people are not given seniority?

Mr. ST. LAURENT: I have given all the explanation I can. If the hon. gentleman has not understood it, I am sorry. But I am unable to put it in any other form.

Mr. HARKNESS: Which of the three explanations am I to accept?

Mr. JACKMAN: No wonder you have not got recruits.

Mr. MACKENZIE: Tory filibuster.

Mr. JACKMAN: Tory fairness.

Mr. ZAPLITNY: In the case of a war veteran who subsequently joins the R.C.M.P. but has not been in the service before, does he receive any credit in the way of seniority or pension accruing from service in the armed forces?

Mr. ST. LAURENT: Not under the law as it is. Those who joined, having had service in the first great war, get credit for that service because that was provided for by amendment made after that war. There has not yet been any amendment with respect to service in this last war.

Mr. ZAPLITNY: Is it the intention to bring in such an amendment?

Mr. ST. LAURENT: I have already stated a couple of times that I expect to have a bill to amend the Pension Act, and I said I thought it would be the desire of the house to do on this occasion what was done after the last war in that regard.

Mr. HAZEN: There were some members of the mounted police who were let out prior to the war for, presume, minor offences. When the war broke out they were taken on the strength again and I presume they are still on the strength. Perhaps the minister cannot say whether they will be kept on the strength, but if they are, when it comes to their getting pensions, will the time they spent prior to the war count towards pension?

Mr. ST. LAURENT: The intention is to keep them on the strength as long as their services may prove to be satisfactory, and the whole of the time they will have served will count for pension purposes.

Item agreed to.

DEPARTMENT OF TRANSPORT

391. Departmental administration, $494,958.

Mr. MERRITT: I wish to say a few words on this vote with regard to the port of Vancouver. On December 14 last, at page 3538 of *Hansard,* the hon. member for Vancouver South raised four points of importance to the port. They were, first of all, the refunding of the bonded indebtedness at a lower rate of interest; second, the question of the capitalization and the valuation of the assets of the

port which are considered to be very much overvalued; third, the matter of cargo rates on all tonnage passing through the port and what can be done to reduce them, and, fourth, whether or not a local advisory board could be appointed in line with the recommendations of Sir Alexander Gibb, who made a series of recommendations in 1932. To these four questions I should like to add a fifth: What is being done about the establishment of a free port on the Pacific coast? When the matter was brought up last session the minister replied that with regard to the reduction of interest, it was under consideration. Since that date I understand that one-fifth of the bonded indebtedness has been refunded at a rate of interest of 3½ per cent instead of five per cent, but that $22,687,000 worth of debentures are still out, bearing an interest rate of five per cent.

With regard to the question of overvaluation of assets, it is the considered opinion of many people in Vancouver conversant with these matters that the valuation of $25 million should rather be some $16 million, and that the combination of a reduction of the debt now borne by the port by a proper valuation of the assets and the refunding at a lower rate of interest would save the port a large sum of money every year. The amount estimated is $750,000. I also find that in the past ten years, despite the traffic going through the port, because of its overvaluation and the high rate of interest, the port has lost a sum in excess of $3 million.

With regard to the question of cargo rates, last December the minister again stated that it was under consideration, but nothing has been done since that time. His answer with respect to the local advisory board was to the same effect, namely, that the matter was under consideration but that the policy had not then been decided. It appears that consideration has been given to the problem of free ports by a federal committee headed by the vice-chairman of the national harbours board. I should like the minister to give the committee a statement on the whole question of Vancouver harbour. I wish also to compliment him on having carried out one of the requests made by the hon. member for Vancouver South last December, namely, to come out to Vancouver and see for himself. He did that last January. We were all pleased to see him, and I am quite sure that he got some useful personal knowledge of this matter from his visit. However, I wish to say to him that when he answers me I hope he will not say that any of these matters are still under consideration, because, after the minister's statement last December, and after his visit, there has grown up in Vancouver great impatience on these matters which have been before the government for a long time and which should now be resolved. It is felt out there—and I certainly agree with that feeling—that none of these matters is such that it should require an investigation longer than six months if, indeed, they need that length of time. If he cannot tell me now that all the things desired by the people conversant with the situation in the port are in his power to grant immediately, I hope he will be able to indicate that a decision will be come to soon.

Hon. LIONEL CHEVRIER (Minister of Transport): The hon. member for Vancouver-Burrard has raised five questions. I think I can deal with the five because I dealt with them when I was privileged to visit Vancouver where, I may tell him, I was so well received that I propose going back again.

The five questions to which he has directed my attention I shall deal with in reverse. I shall take the last one first, the question of free ports. This question is not a new one; it has been debated in this house before. Legislation seeking establishment of free ports came before the senate in 1936 or 1937, if my memory serves me correctly, and received the approval of that body. Later it came to this house and was turned down. The then minister of national revenue gave four reasons why free ports should not then be established in this country. I do not want to go into all of them, but perhaps I can say generally that one of them was that conditions in this country and in the United States were not at all related to those in Europe where there were some twenty-six or thirty countries from which imports and exports could be derived.

Another reason was that this country had already bonded warehouses and drawbacks under the Customs Act which gave practically the same privileges as a free port would give. The third reason was that it would mean an additional amount of work for customs officers which would interfere greatly with their duties. The last reason which the then minister of national revenue gave was the fact that the passing of legislation facilitating the establishment of these ports would enable facilities to compete with those of the federal government. In other words, the federal government had spent tremendous sums of money in the national ports of Canada, and if it were possible for others to come along and spend similar sums on similar facilities such as docks, warehouses and wharves, these would compete with the federal facilities already erected

I do not wish to deal too long with them. I simply wish to say that conditions may well have changed since 1936 when the statement was made by the then minister of national revenue. In order to make sure that they had not, the government decided to set up an interdepartmental committee composed of members of the Department of Transport, national revenue, trade and commerce, reconstruction and finance. This committee has been receiving briefs and submissions from ports all across Canada. I think it is the board of trade of Vancouver that have asked the committee to delay its report until such time as it is able to submit its brief. Therefore, on that question I say to the hon. gentleman that until the interdepartmental committee on free ports has made a report, there is nothing more I can add.

Dealing next with the question of the refunding of bonded indebtedness so far as the port of Vancouver is concerned and the apparent delay in coming to a conclusion on that question, let me say to the hon. member for Vancouver-Burrard that the government has decided to refund $5,000,000 of the indebtedness of the harbour, and the interest has been reduced from five per cent to 3½ per cent as that issue matures. I made that statement to those who interviewed me while I was in Vancouver. Immediately upon my return I discussed the matter with the members of the national harbours board; and since this is a matter which concerns finance as much as, if not far more than, it does transport, I asked the Minister of Finance to set up a committee to deal with this question. This matter, like that of free ports, is not one which has to do with the city of Vancouver alone. It has to do with all national harbours, and the refunding of the debt, if that should be found wise or necessary, of all national ports. So, if my hon. friend feels that there is a delay I can assure him it is not due to any of the members of the committee but to the importance of this question. I am afraid I must tell him, notwithstanding that it will meet with the disapproval of a section of the press in his city, that it will take an even longer time because, as we go along in this study, we find that costs of administration are mounting, and the greater the costs become, then the question really is whether or not it will be found possible to reduce charges. Should we find—I am not saying what we shall find—it is not possible, there would be nothing abnormal about that. If you look at the history of the great port of London you will find maturing obligations at five per cent. I have before me the 36th annual report of the port of London authority, and the hon. gentleman may be interested to learn that in that great port there is no less than £6,975,000 of debt outstanding bearing interest at five per cent, and no less than £1,977,000 bearing interest at four per cent, and I am informed by the national harbours board that there is no intention of refunding the debt of the port of London at this time so as to reduce interest.

I should also like to inform the hon. gentleman that the harbour of Vancouver, as it now stands, has in fact been paying and saving annually slightly in excess of three per cent interest. There are several reasons for saying that. I do not want to go into them at great length; but one is that the Lapointe pier, with which my hon. friend is unquestionably familiar, cost the country $2,600,000. That expenditure was incurred by the Department of Public Works, and the pier was transferred to the Vancouver harbour commissioners without capital liability and has not been charged up against the debt. The annual interest on this amount alone at five per cent would be $130,000, and at three per cent it would be $78,000. This is an advantage for which the city of Vancouver does not have to pay, and which is not disclosed in harbour accounts.

Then, dealing with the question of cargo rates, when I was out there I found that to be a matter which caused certain interests in Vancouver some concern. I dealt with it as best I could at the time. Since then I have suggested to the national harbours board that they set up a committee to deal with the question of cargo rates in all our ports. The matter of rates is difficult and complicated, and one in which a number of items come up that are difficult of explanation. On the whole, the totality of charges for the port of Vancouver are not higher than those in any other port; and as nearly as can be compared there is little difference between Vancouver and Montreal and other eastern ports. Perhaps that is not the right way to put it. Let me put it in this way, that in the port of Vancouver there are no dockage dues such as are paid at Montreal, Quebec, Halifax and Saint John. The dockage dues in those four cities have netted the dominion government $1,100,000. Montreal has paid to the dominion government $395,000; Halifax has paid $310,000 and Saint John has paid $315,000. There is no dockage charge in the city of Vancouver. The other day I made a statement dealing with the whole position in detail, which went to show that, as far as Vancouver was concerned, the rate structure was as low, if not lower than in most of the Pacific coast ports south of the line, such as San Francisco.

Then my hon. friend raised the question of local advisory boards. I was asked about that when I was in Vancouver, and I have

been asked about it since. At the time I think I said I would be glad to give consideration to the matter, and since then I have done so. I find that it might well be a mistake to set up local advisory boards under the supervision of the national harbours board. I do not see that there would be any objection to a board of trade setting up its own advisory board and discussing with the port manager the changes they felt should be brought about in the community. Some of the recommendations of Sir Alexander Gibb the government saw fit to put into effect, but I fear this is not one which would materially assist the administration of the national ports, unless it be a committee such as has been set up, for instance, in Halifax.

I think those are the questions with which my hon. friend dealt.

Mr. MERRITT: With regard to the last point, concerning the local advisory board, I want to impress upon the minister a fact often mentioned in this house, namely, that out on the west coast we feel a very long way from Ottawa. What might apply to the other ports under the national harbours board does not apply to the situation in which we find ourselves, because we are so detached and on our own in that respect. Even though it might be felt that local advisory boards are not necessary in eastern ports, I want to urge the minister to give the question further consideration in regard to the port of Vancouver.

Just to illustrate that point, the minister mentioned that in other ports dockage rates were charged rather than cargo rates. It is a fact, I understand, that the port of Vancouver is the only port at which cargo rates are charged.

Mr. LANGLOIS: When you say cargo rates do you mean dockage or top wharfage?

Mr. MERRITT: I understand it to be a rate on cargo by tonnage, passing through the port, whereas in all other ports payment is made as a dockage charge, which I understand to be a payment for the use of the facilities of the port.

Mr. LANGLOIS: We have that in Montreal, too.

Mr. REID: We have cargo rates at New Westminster.

Mr. MERRITT: I have some figures here of cargo rates in Vancouver, unfortunately only for 1944. Cargo rates for that year were $470,000 as against the 1945 figure for Montreal—I have not the comparable 1944 figure—of $394,000, and, for Halifax, of $310,000.

[Mr. Chevrier.]

Mr. CHEVRIER: The average cargo rate for Vancouver per year is $442,000.

Mr. MERRITT: I would point out that by charging these cargo rates apparently one arrives at a greater amount than by charging dockage rates in other ports.

Mr. CHEVRIER: Yes, if you compare dockage with cargo. But that is not the only thing which enters into the structure of cargo rates. It is a complicated matter which would take some time to explain. However, there are a number of items which enter into the picture, and by comparison, when the totality of the changes is studied I do not think it can be said that the rates for one port are greater than those of another.

Mr. MERRITT: While that may or may not be so—and I have no personal knowledge of it, so that I shall accept the minister's word—when we compare totals paid, the amount paid by vessels using the port of Vancouver, or by people bringing cargoes into or taking them out of that port, seems to be much higher than that paid in Montreal which, I will admit, is at least an equal port.

Then, it seems to me that this question of capitalization and refunding would be handled much more to the satisfaction of the people of Vancouver if the local advisory board were set up. If in Vancouver we knew that these matters were being handled for us by an advisory board which would have more influence than a port manager might ever have, then I am sure the minister would find his task much easier when he deals with complaints about conditions which exist out there.

The last thing I wish to say is that, although the new Lapointe pier may have been given as a present to the harbour commissioners of Vancouver, the material I have seems to suggest that the valuation of the other large pier, namely the Ballantyne pier, is so high one authority has estimated that if its sheds were filled for 365 days in the year it would not derive a revenue sufficient to provide a decent return on the capital invested in it.

I feel sure that if we did not have this feeling of remote control, and which we consider has worked against our interests, not only in this but in many other matters, the people would be much more satisfied with the port situation as they find it at the present time.

Mr. LANGLOIS: I should like to keep the record straight in connection with harbour dues. I do not know what the hon. member who just took his seat had in mind, because it would seem that he was using different terms from what we use in eastern Canada. But let me say that we pay harbour dues for the

harbours of Quebec and Montreal—and the hon. member can call them dockage, or anything he likes. However, we pay dues for any ship coming into the harbour, for docking it and tying it alongside. In addition to that, we pay twenty-five cents for each ton of cargo landed from or loaded on a ship at the jetty. I believe the same applies to most ports in eastern Canada. One exception, however, is that section of the harbour of Montreal, including the Lachine canal, which comes under the Quebec canal administration, where the wharfage of twenty-five cents a ton is reduced to eight cents.

Before we proceed with the various items of the estimates of the Minister of Transport, I wish to bring to his attention a problem which is of particular interest to my constituency. For a good many years public bodies as well as prominent individuals of the Gaspé peninsula made representations to former ministers of transport regarding the urgent need for adequate communications for that section of the country. I do not intend to repeat here the various suggestions made thus far, with the many arguments presented in this respect. My aim this evening is simply to direct the attention of the minister and of the committee to the fact that the part of the country which I have the honour to represent has been, in my opinion, too long forgotten, and more particularly in respect of its transportation problems.

As I told the house upon the occasion of my seconding the address in reply to the speech from the throne at the beginning of last session, and again on Saturday when speaking on the estimates of the Department of Public Works, the only means of transportation available to our trade are those supplied by transportation by water, by a second-grade highway and belt-road around the peninsula, thus rendering the economical development nearly impossible.

One of the suggestions made previously to the Department of Transport was that in order to remedy this lack of communication the government of Canada should acquire the railroad line running from Mont Joli to Matane, and extend this line at least for the time being as far as Ste. Anne des Monts, a distance from Matane of approximately fifty miles. This line between Mont Joli and Matane, which covers a distance of some forty miles, is now owned and operated by a private enterprise operating under the name of the Canada & Gulf Terminal Railway. This line connects at Mont Joli with the Canadian National Railways line running from Montreal to Halifax.

I have perused the representations previously made to the government by public bodies, more specifically those included in a report made to the government some years ago by la Chambre de Commerce de Matane; and if the minister refers to these suggestions, he will surely realize and appreciate not only the urgency of complying with these representations but also the importance of these proposals for the future economical development of that section of Canada.

The other day I was much impressed by the speech made in the house by the Minister of Transport in support of the bill seeking authorization for the building of a railway line in the Abitibi district, running northeast for a distance of about forty-five miles from Barraute. The minister then asked the house to authorize him to spend $3 million for the building of that railway, and in support of his bill he quoted a report made by experts of the Canadian National Railways in this respect. I noted more particularly that this report was based on hypothetical but very likely developments, more than on actual facts. I am convinced that the minister has reasonable assurances of these developments.

Moreover, the conclusions of this report were based upon another report made by the government of Quebec in which it was said that the provincial department of colonization of that province expected quite a substantial increase in the population of the region concerned owing to the high agricultural qualities of the soil. I do not want to criticize the minister for having accepted these possibilities of future development to support his request to the house; on the contrary, I wish to congratulate him upon having such high hopes of the future development of this country and upon having asked this parliament to spend money in order to facilitate and expedite such development.

It is not what we did when we built the Canadian Pacific through an almost deserted western Canada and when we built the transcontinental through an equally deserted Abitibi? What would this country be to-day without those two important communication links between these most important centres of wealth in this country? It is for this reason that I must regret that the same kind of forethought was not applied to the region which I represent in this house, and that is why I must strongly impress upon the minister the urgency of having this remedied without further delay. I am not asking the minister to recommend the building of a railroad through a sparsely populated area, because the territory through which the railroad would pass has an actual population to-day of over 31,000, with a prospective popu-

lation of three times as much. There are close to another 30,000 people in the areas immediately surrounding this one who are awaiting the benefits of this development.

There is no natural obstruction to the extension of the Mont Joli-Matane railroad to Ste. Anne des Monts, and the cost of building this extension would be relatively low. The necessity and urgency of expropriating, if needs be, the Canada and Gulf Terminal railway line and extending it to Ste. Anne des Monts have been previously established. If the department still entertains any doubts as to the possibilities of the area concerned I would ask the officials of the department to refer to an inventory made in 1937 by the Quebec department of trade and commerce entitled, "Inventaire des Ressources Naturelles 1937, Gaspé," and to a private inventory made by Mr. Robert Rumilly under the auspices of the Quebec newspaper *Le Soleil* in 1943-44.

The minister will be able to find out from these publications the economic possibilities of the Gaspe peninsula and more particularly the possibilities of the future development of its forests, agriculture, mines and fisheries. With reference to mines in the Gaspe peninsula and their possibilities, I would refer the minister to a publication entitled, "Possible future oil provinces of the United States and Canada", published in 1940 by the American association of geologists, in which it is said that the Gaspe peninsula is one of the richest regions of Canada and perhaps of America in petroleum fields.

There is no need for me to add anything more at this stage to the information given already in the official inventory and the publications referred to. In conclusion, I strongly urge the minister to ask his department to supplement the information already obtained by asking the Canadian National Railways to make a thorough and immediate study of this project. Speaking on behalf of those whom I represent in this house, I must say to the minister that we sincerely hope that at the next session of parliament he will introduce a bill which will at long last give justice to the Gaspe peninsula by seeking authorization to buy and extend the Canada and Gulf Terminal railway line as suggested.

Mr. ARCHIBALD: I have here a clipping from the Vancouver *Sun* of Tuesday, June 25, 1946, which reads:

> Ship strike looms along B.C. coast
>
> Possibility of a coastal seamen's strike, involving 700 to 800 crew members of 25 B.C. passenger-freight vessels, loomed to-day as seafarers' international union (AFL) hotly protested a national war labour board ruling on demands of the union.

[Mr. Langlois.]

In a letter dealing with that clipping which I received from the union, they pointed out that they are going to protest to the national war labour board for better terms than those which were given to them.

Mr. CHEVRIER: What is the date of the article?

Mr. ARCHIBALD: The Vancouver *Sun* of Tuesday, June 25. I have been sitting on the industrial relations committee, and from what one can make out the unions appearing there want a basic law so that they can get general treatment from the bosses on a definite basis. In the case of the Minister of Transport that power lies in the Canada Shipping Act. By overhauling this act, he would be able to bring relative stability and improve considerably the conditions under which the seamen of this country work.

We have just come through a war during which the merchant seamen of Canada showed more bravery and greater endurance without recognition than any other group that served during the war. It is about time the government recognized the fact that these men serve under the most antiquated shipping laws of perhaps any modern country, even those countries which we are feeding to-day. I am not going to present proposals that could be called fantastic or idealistic; I am merely going to compare the act under which our seamen serve with the act under which the seamen of the United States serve. It is repugnant to me as a Canadian to have to expose the conditions under which Canadian seamen work and compare them with the conditions under which those who serve under the stars and stripes work, but it is necessary to do this in order to bring these conditions to the attention of the people.

Mr. CHEVRIER: I do not want to interrupt the hon. gentleman and I have no objection to his dealing with matters affecting the Canada Shipping Act, but if he is going to deal with matters affecting labour and labour relations I think he should do so under the estimates of the Department of Labour. Everything he has said so far has had to do with the national war labour board and working conditions. Unless he deals with some other matter, I am afraid I shall have to ask the Chairman for a ruling.

Mr. ARCHIBALD: I can assure the minister that when I get through with the short introduction I shall deal with the matter point by point and read certain sections from the Canada Shipping Act. It is not so much labour conditions that I intend to deal with as the conditions laid down by the Canada

Shipping Act as compared with the conditions laid down by the navigation laws of the United States. They are comparable in that they both deal with conditions under which seamen work. This has nothing to do with the Department of Labour.

Unless such acts as the Canada Shipping Act are revised completely, it is a complete waste of time to deal with such bills as the Canadian citizenship bill. You must provide proper conditions for the men otherwise you will not build up that necessary esprit de corps which goes for good citizenship. I am not going to deal with all the points in the Canada Shipping Act; I shall merely deal with a few which go to show the necessity of revising this act and which also show why there is discontent in the ranks of the seamen of Canada.

First of all, I should like to deal with article 191, sections 1, 2, 3 and 4, dealing with advances and allotment of wages, and compare that with section 11, page 236 of the navigation laws of the United States, dealing with slop chests. The pertinent section in the Canada Shipping Act is 191, subsection 1:

Where an agreement with the crew is required to be made in a form approved by the minister, the agreement may contain a stipulation for payment to or on behalf of the seaman, conditionally on his going to sea in pursuance of the agreement, of a sum not exceeding the amount of one month's wages payable to the seaman under the agreement.

Mr. CHEVRIER: I do not want to interrupt the hon. gentleman, or to give him the idea that I object to his dealing with this matter, but section 191 deals exclusively with advances and allotment of wages. The Department of Transport has nothing to do with wages; it is a matter which concerns labour. I do not want to be unfair to him, but I submit to you, Mr. Chairman, that this is a matter which does not concern us.

Mr. ARCHIBALD: The administration of this act comes under the Department of Transport, and when the bill came down the other day for compensation it was introduced through the minister's department.

Mr. CHEVRIER: I agree, because workmen's compensation is a matter which comes directly under the Department of Transport, but not the allotment and payment of wages.

Mr. ARCHIBALD: Then I will deal with just this one section and then continue with the others.

Mr. CHEVRIER: If the hon. gentleman wants to deal with compensation I certainly will not stop him.

Mr. ARCHIBALD: I want to thank the department for bringing in that law covering seamen with regard to compensation.

The CHAIRMAN: May I ask the hon. gentleman to deal only with matters which come within the jurisdiction of the Department of Transport, not the Department of Labour.

Mr. ARCHIBALD: I will continue then, and bring up a provision from the navigation laws of the United States which should be inserted in the Canada Shipping Act. The clause is headed "slop chest"; this has nothing to do with wages, and I should like to see this section incorporated in the Canada Shipping Act, and section 191 removed:

Every vessel mentioned in section forty-five hundred and sixty-nine of the revised statutes shall also be provided with a slop chest, which shall contain a complement of clothing for the intended voyage for each seaman employed, including boots or shoes, hats or caps, under clothing and outer clothing, oiled clothing, and everything necessary for the wear of a seaman; also a full supply of tobacco and blankets. Any of the contents of the slop chest shall be sold, from time to time, to any or every seaman applying therefor, for his own use, at a profit not exceeding 10 per centum of the reasonable wholesale value of the same at the port at which the voyage commenced. And if any such vessel is not provided, before sailing, as herein required, the owner shall be liable to a penalty of not more than $500. The provisions of this section shall not apply to vessels plying between the United States and the Dominion of Canada, Newfoundland, the Bermuda islands, the Bahama islands, the West Indies, Mexico, and Central America.

As I have said, the seamen would like to have this section incorporated into the Canada Shipping Act and section 191 deleted altogether, because the main portion of section 191 deals with the action regarding those, say, who jump ship when they are advanced wages, and they would like to have that wiped right out and no advancement of wages given, but the proper facilities put on the boat so that they could buy their stuff right on the boat rather than be stuck with bills that are liable to discount in beer parlours and so on, when they want to get ready cash for advancement and are handed a slip. I think the minister will see that in dealing with this matter I am not dealing with wages, but it is a combination which fits into conditions on the boat rather than wages.

The section which I am about to read is R.S. 4530, page 213 of the navigation laws of the United States, known as "advances, amount, time, penalty for failure of master to comply". This section is in connection with cash draws when the vessel is in any port. And now again you could, if you liked,

object that it is a question of wages; yet it is more a question of conditions when they are outside Canada in some foreign port. There is no such section in the Canada Shipping Act covering this question, but seemingly the question of drawing wages especially in a foreign port is left to the discretion of the skipper. British seamen can claim only one pound a week when in port as a sub on wages.

The CHAIRMAN: Order. I do not think this can be discussed by the hon. member under the present item.

Mr. ARCHIBALD: Mr. Chairman, this is not a case of wages as such, it is a matter of the conditions of work which exist when they find themselves in a foreign port. It is not, I say, a case of more wages or less wages; but when they are in a foreign port it is left to the discretion of the skipper whether they can draw any money at all, and there is no section of the Canada Shipping Act covering that matter, but there is in the navigation laws of the United States. It is not the wages, it is working conditions. My own brother—

The CHAIRMAN: I think the hon. member is in order when he is discussing the Canada Shipping Act, but an amendment of the act with respect to working conditions would hardly be in order at this time.

Mr. ARCHIBALD: I find it difficult to deal with this matter under the Canada Shipping Act. The only way I can bring out the inadequacies of the act is to relate it to something else. I do not want to get off on a metaphysical pipe dream.

An hon. MEMBER: On what?

Mr. ARCHIBALD: Go and look at the dictionary. Therefore I take the navigation laws of the United States as something concrete for the information of the minister, so that he, in bringing forward legislation on this subject, can point out that advanced nations are doing the same thing and that all that he wants to do is to bring Canada from her backward state up to the standard of other nations. As an illustration, I should like to read this section, or a part of it, which appears on page 213 of the United States navigation laws:

R.S. 4530. Every seaman on a vessel of the United States shall be entitled to receive on demand from the master of the vessel to which he belongs one-half part of the balance of his wages earned and remaining unpaid at the time when such demand is made at every port where such vessel, after the voyage has been commenced, shall load or deliver cargo . . .

There is no such law in Canada.

The next section I should like to deal with is headed, "provisions, health and accommodation", sections 224 to 229 inclusive of the Canada Shipping Act.

Mr. CHEVRIER: May I tell my hon. friend that questions of health are dealt with by the Department of National Health and Welfare, such as the sick mariners fund.

Mr. MacINNIS: May I ask the Minister of Transport on what particular item can members of the committee discuss matters affecting seamen?

Mr. CHEVRIER: Under the director of merchant seamen; that is the proper item.

Mr. MacINNIS: Well, that is the point that we should get on, if there is an item upon which the hon. member for Skeena can discuss this question.

Mr. CHEVRIER: There is.

Mr. MacINNIS: I think he should reserve it for that time.

Mr. ARCHIBALD: Then, Mr. Chairman, I will skip that item, and now we are getting down to how inadequate this act is. It is scattered "all over the acre." It should be under the jurisdiction of one minister so that it could be properly administered. You will have trouble with the seamen if this keeps on. It is sawing one off against the other at all times and it cannot last forever without an explosion on the labour front. The next section is headed "shipping fees", 155.

Mr. CHEVRIER: Is the hon. member referring to the Canada Shipping Act?

Mr. ARCHIBALD: Yes. I quote:

Every owner or master of a ship engaging or discharging any seaman in a shipping office, or before a shipping master or a deputy shipping master, shall pay to the shipping master or deputy shipping master the whole of the fees hereby made payable in respect of that engagement or discharge, and may, for the purpose of reimbursing himself in part, deduct and retain . . .

And so on. In other words, the seamen are charged fees for what amounts to hiring and firing. The practice of extorting fees from seamen in connection with articles of agreement is a practice which, in the opinion of the seamen, should be stopped. If such fees are necessary, then they should be carried by the ship owner. No other maritime nation follows this practice.

The next point is with respect to wages, hours of labour and local holidays. The navigation laws of the United States, section 2, page 202, dated March 4, 1915—

The CHAIRMAN: Order. Is that in the Canada Shipping Act?

Mr. ARCHIBALD: I will let it go at that. The navigation laws of the United States, in contrast to the Canada Shipping Act, carry a definite eight-hour day to be worked on ships.

The CHAIRMAN: I am under the impression that, in reply to the hon. member for Vancouver East, the minister stated that this question could be discussed under another item, the director of merchant seamen.

Mr. CHEVRIER: That is what I said in reply to the hon. gentlemen; but on the question of wages and hours, that is a matter which certainly does not concern this department but the Department of Labour, and seamen went on strike for this reason. We have in the Department of Transport an eight-hour day on our ships and that should be an answer to my hon. friend. So far as transport is concerned, we have instituted an eight-hour day, and therefore I do not know what my hon. friend is referring to.

Mr. ARCHIBALD: A comparable act in the United States carries the definite provision in it that men shall work an eight-hour day, and there is no commitment with regard to hours of work in the Canada Shipping Act. Before I proceed, I would ask whether this comes under the Department of Transport.

Mr. CHEVRIER: I submit with deference that it does not.

Mr. ARCHIBALD: Well, we will let that point go.

I now come to manning scale, number of men on boats who carry lifeboat tickets, and so on. Is that under the jurisdiction of this department? I should like to deal with the question of manning scale, that is, the number of men required on a boat, depending upon size and the type of trade dealt in. There is no manning scale called for in the Canada Shipping Act, nor is there any regulation as to the number of qualified seamen who should be carried, nor how the seaman is qualified. In this connection, the navigation laws of the United States again are far more clear, as will be seen by reference to pages 197 and 198 of that act, headed, "requirements, qualifications and regulations as to crews", and directions as to what is required are given. There is also a section, section 13, on the same pages, headed, "certificates of service of seamen". They even make it more clear because there is a section dealing with undermanning, page 192, section 4516 of the navigation laws of the United States. On the British Columbia coast some of the crew might have lifeboat tickets. Men can be in the stokehold or in the steward's department and not necessarily on deck. Without manning laws, the companies can always beat down the demands of the seamen by hiring green crews without any qualifications whatever, and thus keep the seamen forever in an underpaid and overworked condition.

It is needless to point out the danger to life and limb of passengers on the coastal vessels. Granted that the skippers and mates are wonderful seamen—and their accident rate proves this—there are times, nevertheless, when in spite of these men and modern mechanical devices, qualified men are necessary when these other factors fail. Some day there will be serious loss of life on the coast and it could be that government regulations or lack of them may be the cause.

We were discussing to-day and the other evening the situation at Ripple Rock. There will be loss of life there, and yet these same boats, traversing those waters at all times, have no manning scale. There is no certificate of seamen, as it were. I have worked on these boats, and I know that when it comes to manning lifeboats it is more like battle stations than anything else because everybody gets in everybody else's way and some get hurt in the process, even in the experimental stages. The seamen would like to know the government's position in regard to the hiring of men of other nationalities on boats which are really Canadian, but which register in other countries so as to evade Canadian laws, and hire crews where cheap labour is available, even when Canadian seamen are on the beach.

The Canadian Pacific Railway Company in the past have been notable for trickery in this respect. One skipper on a Canadian Pacific boat on one occasion stated that Chinese were superior to white men. This problem will arise in the immediate future. Will the government, then, take the attitude of allowing the situation to be repeated, especially in face of the fact that Canadian merchant seamen sacrificed so much during the war?

Another point that I would bring up if it is under the jurisdiction of the department is the continuous discharge book when seamen are signing articles on any ship. These discharge books contain the record of the seamen's employment and ability, and the book must be produced for the shipmaster's inspection before the seaman can obtain employment.

May I say to the minister that a boat is a very small place, so that hatreds and bitter feelings can flare up, under conditions of confinement in that narrow compass, which would

not necessarily occur on land. One small mistake on the part of the seaman, written into his continuous discharge book by the skipper, can follow him the rest of his days and prevent him from obtaining employment and interfere with his way of life. The seamen would like to have that continuous discharge book done away with, and a single unattached certificate of discharge be recognized as sufficient for purposes of employment.

Lastly, if the manning pools come under the jurisdiction of the minister, I should like to say a few words, though at the moment I do not know whether the manning pools are still in operation, but the seamen on the coast claim that through their unions they would like in the future to have the authority to put their own men on the boats. If this were started, no matter what crisis occurred in the future this machinery would be in operation and would work efficiently in the interests of the state.

To sum up, I would say, though many members will not agree with the various points I have brought up, that the seamen are of the opinion that the Canada Shipping Act is antiquated in relationship to the living standards of other Canadian workers and is now definitely a detriment to the welfare of the Canadian seamen.

Mr. LAPOINTE: I intended speaking for a minute or two after the hon. member for Gaspé had finished. I was pleased to see that he was talking about the building of a railroad in his riding. I wish to take a few minutes of the time of the committee first to support his demand; second, to give him a friendly word of warning and, third, to draw the attention of the committee to a practically similar situation which exists in my own riding and of which I believe the Department of Transport is aware. I say that I give him my support because I am fairly well acquainted with the situation which exists in that section to which my hon. friend referred. I am fairly well acquainted with it because I lived near there at one time, and I have travelled there considerably. I believe that if hon. members were acquainted with the situation there, they would admit that the transportation and communication facilities are not in keeping with modern times.

However, I wish to give him a friendly word of warning. He should not insist too much for the Canadian National Railways to take over the already existing part of the railroad in that section, otherwise the people may find themselves in the same situation as they did in a part of my riding. That is, after the Canadian National Railways have taken it over and have operated it for a short time they may come to the conclusion that it is not a financially sound proposition, and then they may ask the board of railway commisioners to stop the operation of the railroad and, a little later, to take away the rails.

This brings me to my particular problem of which, as I said before, the Minister of Transport is aware. He has sympathetically listened to my representations and to the representations of the people from that section. To make the matter a little clearer, I should explain that in the riding of Lotbinière there are forty-six rural municipalities. Out of the forty-six there are fourteen which have railroad facilities. The other thirty-two have no railroads whatsoever. I am not talking about a part of the country which has been recently developed, but of a part which is the oldest and which contains the oldest municipalities in Quebec. I am talking about a part of the country where some of the municipalities are not over thirty and thirty-five miles away from the city of Quebec, which is the main centre of that particular region, and yet to-day these people have to travel from three to five to ten to fifteen and to eighteen miles to take a train to get into Quebec.

Quite a few years ago there used to be a railroad which had been built in 1896 with government subsidies for the purpose of bringing a line to the shores of the St. Lawrence, and which would permit the localities of that region along the shore to get some transport facilities. In 1931 the Canadian National Railways arbitrarily decided, as I said before, that it was not a good financial proposition and they discontinued operating the railroad. At that time the Railroad Act did not oblige the railway company to go before the commissioners and ask for permission to discontinue the operation of a railroad. The companies could do so by themselves. Therefore the Canadian National Railways proceeded to discontinue the operation of the railway. Representations were then made by the people of that particular locality, which is St. Jean Deschaillons, and by all the surrounding localities within the radius which was served by that station. Nothing happened as could be expected at that particular time.

In 1936, after the Railroad Act had been changed, the people went before the railway commissioners and asked that the railroad be reestablished. The railway commission decided that, since there was no legislation in 1931 to permit them to decide whether the Canadian National Railways was right in taking away that railroad, they had no jurisdiction. In 1941 the company decided that they were going to take away the rails. Again representations

were made; again we went before the railway commissioners. At this time they decided that, since they had given a decision in 1936 in the way in which I have just indicated, they had no more jurisdiction. There is no question of discussing the value of the judgment of the railway commissioners. I have no doubt that it was legally sound and according to the law of the land, but I say that in the middle of the winter as we have it here, with weather twenty below zero, it is difficult to be satisfied to go fifteen miles in a sleigh or in a snowmobile and to tell ourselves, well, maybe we are doing this in a sleigh or a snowmobile, but we have a sound judgment from the railway commissioners.

I know the minister understands the situation. The people of that locality and I have made representations to him, and he has done everything within his power with the Canadian National Railways to try to solve this problem. I can only ask if he will again give as much consideration as he has given before and try to impress the authorities of that railway with the plight of the people living in that region.

I know the main obstacle brought up by the company was the building of a bridge which would involve the expenditure of a considerable amount of money. This bridge had been burnt shortly after the operation of the railroad was discontinued. But I believe there is a solution to that problem whereby the railroad can be reestablished without the building of the bridge, and which would be satisfactory to the people concerned. I believe that the authorities of the Canadian National Railways are aware of the solution and that representations have been made to them in that regard. I feel quite sure that the minister will again be as kind and sympathetic to the representations which I have made on behalf of these people as he was previously. I want him to understand that I am not doing this from any personal consideration. It is not a problem which has been created by myself or during my time. I inherited the situation and more o less had to adopt the baby after I found it on my doorstep. I am convinced that the representations of these people are justified, and I again ask him to make representations to the authorities of the railway. When he does that, which I am sure he will do, I wonder whether he would also impress them with the fact that the remaining end of the railway has not been maintained for some time. According to the information I have received, the yearly maintenance on that part which still remains has not been done this year. We do not want the railway authorities to again have the opportunity of going before the board of transport commissioners, saying that the railway is in such a condition, as a result of non-maintenance, that the expenditure involved to repair it would be so great that they are sorry but they have to ask that the remainder of the line be abandoned also. If this should happen, the board will, I am sure, understand that this is a public utility which serves the whole community, and will decide accordingly.

Mr. CHEVRIER: If I may have just a brief word to reply to the representations of the hon. member for Gaspé as well as those of the hon. member for Lotbinière—

Mr. KIRK: At the same time would the minister deal with the famous Guysborough railway, which I have discussed with him on several occasions? Perhaps the same explanation will cover it.

Mr. CHEVRIER: The hon. member for Gaspé made a strong plea for the acquisition by the Canadian National Railways of the Canada and Gulf Terminal railway. I must tell him, as I told the committee of the whole during the discussion of the proposed branch line from Barraute to Kiask Falls, that the policy of the Canadian National Railways as a rule is directed toward three points when it considers the building of a branch line or the acquisition of a railway. The first of these is the natural resources existing in the country where the line is to be purchased or built; the next is the cost of the construction or purchase, and the last is the possible traffic to be derived therefrom. These are three important matters which must be kept in mind at all times. If the railways of this country, particularly the Canadian National Railways, with which I deal now, are to operate profitably—and I am sure that is one of the things the house wants them to do—then they must look at those factors first of all. In 1943 the Canadian National Railways set up a committee to deal with the subject matter discussed by my hon. friend, and I have a list of their conclusions. I do not want to burden the committee by reading all of them, but I think hon. members should note at least one. Here is what the survey says:

> There appears to be little prospect of any future development in the country—

I refer now to the country being served by the Canada and Gulf Terminal railway.

> —which would improve the earning capacity of the road. From experience which the Canadian National has had with other lines that have depended solely on the movement of forest products, the earning capacity will gradually disappear, and abandonment of the line will have to take place.

Then conclusion No. 6 is very much in point. It says:

Having regard to the cost of operation by the Canadian National and rate reductions which would follow acquisition, the earnings valuation to the C.N.R. turns out to be less than nothing, based on the average of the ten-year period from 1933 to 1943 inclusive. In fact, if the line were given to the Canadian National, the system would be worsened by $33,000 per year.

I hope I have not hurt the feelings of the hon. gentleman by quoting this, but he may get some satisfaction when he realizes that this report was made in 1943, and he has made such a good case that I can assure him I shall ask the Canadian National Railways to review the position since the making of this report.

Dealing next with the representations made by the hon. member for Lotbinière in connection with the St.-Jean Deschaillons railway, the position there is somewhat more difficult than that raised by the hon. member for Gaspé. It is more difficult because the circumstances surrounding the abandonment of that line were brought before the board of transport commissioners. According to the Railway Act, when a railway wishes to abandon a line it must get the approval of the board of transport commissioners. As my hon. friend said, the Canadian National did not do that at the time for the simple reason that this section in the act was not mandatory, so that of its own volition the Canadian National decided to abandon the line. At a later date, however, the matter was brought before the board of transport commissioners, who heard large numbers of witnesses from the area represented by my hon. friend; and having regard to all the circumstances they came to the conclusion that a portion of the line should be abandoned.

I say to my hon. friend that he and his constituents are not alone in that predicament. In my own constituency of Stormont the board of transport commissioners granted an application of a railway company for reduction in train service in an area which, with all respect to my hon. friend, was far more populated than the area in which he lives. As a matter of fact it is at the door of the capital city of Ottawa, and the train in question was the New York Central train which operates between the city of Ottawa and the city of Cornwall. I believe it was in 1938 or 1939 that, having regard to the fact that farmers and townsfolk were finding it more convenient to use their motor cars instead of using the train, the board of transport commissioners, having in mind also the financial position of the New York Central in regard to that service, decided in favour of the abandonment of two of those trains. If the board also decided in favour of the abandonment of a portion of the St.-Jean Deschaillons line, I presume that decision was based on somewhat the same grounds. I can assure my hon. friend, however, that I shall ask the Canadian National Railways again to explore the position.

The hon. member for Antigonish-Guysborough raised a question in reference to the Guysborough railway. That is a matter, I think, which affects the Canso project, in that a relocation of the lines would have to be considered if a causeway or bridge were decided upon. I am not sufficiently conversant with the position at the moment to speak from memory, though my recollection is that the Canadian National Railways have in view some changes in that locality, dependent upon the Canso project. I would not want to go any farther at the moment without having before me the particular details, but I can assure my hon. friend that the representations he has made will be carefully considered.

Mr. KIDD: I want to congratulate the hon. member for Gaspé and the hon. member for Lotbinière on their presentations to the minister, and I hope he will be just as favourable in dealing with my case. I want to say a word about a new station at Kingston. I think the minister is fully aware of the conditions which prevail there. I wish to say to him and to his executive officers that not much progress has been made in the Kingston area since last fall, and I want to ask whether anything further has been done. Has the executive made any appropriation for that new station? Having in mind the locality from which the minister comes, I know he is familiar with the situation in my city. These fast trains are still going through from Montreal to Toronto and on to Chicago, three and four times a day, in one or sometimes two sections. I am sure they pay for themselves; I believe the company gets good dividends from the Kingston area, but conditions there are not as they should be.

As strongly as I can I want to remind the minister that before the war we were promised a new station, after making three concessions to the railway board at that time. I need not repeat what those concessions were; they are on file and I am sure the minister is familiar with them. A person getting off a train at that station at any time from November to April, in the snow and rain, has an uncomfortable time of it, particularly if he gets off at the far end of the train. There is no shelter there, and particularly when trains are late the people have to wait under conditions which are not pleasant. This is particularly true when the trains are travelling in more than

one section, and when people are meeting friends. It is not known what section the friends will alight from. One may go to meet one section and be told to wait for the next one, or the first section might be filled up and there would not be sufficient room.

I hope the minister will be considerate and deal as favourably with Kingston as he has with other areas.

Mr. CHEVRIER: Notwithstanding that the hon. member sits on the opposite side of the house, I can say that I agree with everything he has said about the situation at Kingston, because I know it very well. It is just alongside my own city. I visited it since the hon. member spoke about it last year, and I know that the conditions are just as he describes them. In fact I told many of my own constituents who have asked when we are going to get a new station in Cornwall, that the position is such that I was afraid their request would have to wait until the condition at Kingston was rectified.

With reference to the building of stations generally, I do not think the Canadian National Railways will construct any stations in the immediate future, because of the shortage of materials and because of the housing situation. I believe that was made fairly clear by the president of the railways when he gave evidence before the railways and shipping committee. At that time he did say something about the situation at Kingston. I am sure the Canadian National Railways have had it in mind, but in view of the present condition I do not think it is possible for the immediate future.

Mr. COTE (Matapedia-Matane): I do not wish to add to what has been said by my colleague the hon. member for Gaspé, who referred to the conditions on the Gaspé peninsula, and the railway there. My good friend the Minister of Transport pointed out three questions, and said that the Department of Transport and the Canadian National Railways would be interested in any undertaking of the sort suggested, if natural resources were involved.

In respect of this first question, I would refer the minister to the proceedings of the special committee on reconstruction and reestablishment which sat in 1944. I would refer hon. members to No. 11 in those proceedings, and particularly to page 391. This refers to the Gaspé peninsula, that part of the country we all cherish, the part which was first discovered, and which is the last to be served and helped. We will try to have it rediscovered.

In paragraph 5 on this page I find the following:

5. Mines—petroleum. Minerals are to be found throughout the whole peninsula.

That is for the benefit of not only Gaspé, Matane, Matapedia and Bonaventure, but for the whole of the Dominion of Canada. Among those minerals is gold, something that is useful at times. The paragraph states:

They include gold, silver, lead, zinc and chrome iron. Powerful companies such as Noranda Mines, Federal Zinc and Lead, National Smelting of London, Eng., British Metal, Mining Corporation, own mineralized areas and await means of access and outlet, in a word, proper transportation facilities . . . Gaspé is composed of sedimentary, very plicated strata—

What that means, I do not know.

—that are very indicative of the presence of petroleum. The American association of geologists published in 1940, following a serious investigation, a book on the petroliferous resources of the various regions of America. The work is captioned "possible future oil provinces of the United States and Canada." Gaspé occupies a very good standing in the list of oil potentialities. Generally speaking, geologists believe that Gaspé, by reason of its twenty thousand feet or more of sedimentary rocks, is one of the best regions in Canada, and perhaps in America, from the standpoint of oil-bearing possibilities. Powerful companies, such as Imperial Oil, have acquired rights to more or less extensive territories. They have awaited the results of borings carried out by one of the companies, Continental Petroleums Limited. The results of these borings may now be considered very favourable. But the companies are awaiting proper transportation facilities before launching operations.

The minister has referred to the cost of construction. I shall not answer him on that point, but I will say, as did the hon. member for Gaspé, that if this railroad were continued to Ste. Anne des Monts on the same basis as the Canada Gulf and Terminal railway was continued from Mont Joli, it would not be satisfactory. One has only to look at the record of this railway to see that it is the greatest scandal in the whole transportation system of the country.

I must say, however, that I can see no reason why the Canadian National Railways could not build this line from Matane to Ste. Anne des Monts, and from Ste. Anne des Monts to run up the Gaspé peninsula, thereby creating an opening for that railway system in the Matapedia valley.

When this stretch of railway was built, a stretch running thirty-six miles, it was built at a cost of $800,000. It was given a grant of certain timber and bush limits which were sold to the Hammermill company at $1,100,000.

I am answering the minister's third point when I say that the company lately reduced its rates for carload traffic to the level of the

Canadian National Railways. I thought it was a good decision, because it was an indication of an ounce of prevention being worth a pound of cure. The figures appearing in their books set out the costs, which were amply revealed by the Hammermill corporation. According to one of the greatest experts in this country —and this is the third point which I wish the minister would take into consideration seriously—the railway made $218,000 in profits. Their investments, presumably in government bonds, increased from $70,000 to $135,000, or an increase of $65,000. Their cash position rose from $12,700 to $25,500, or an increase of about $12,000. Their accrued depreciation increased from $375,000 to $426,000, or another increase of about $50,000. Their profit and loss, debit, decreased from $1,339,000 to $1,305,000. On top of that, the company was able to pay in 1943 and 1944 an interest of $57,000 on bonds outstanding.

The reconstruction committee has found that part of the country to be of national importance, but it cannot be developed with the present condition of transportation facilities. It is an imperative duty of the government to see that this wealth is brought out of the Gaspé peninsula. I do not care whether that is done by the Canadian National Railways or by a private corporation as long as it is supervised by the government and is done in the immediate future. With present conditions of transportation, there is no possibility whatsoever of getting out the wealth that is in the Gaspé peninsula. I am not a cost expert on transportation, and such things are up to the government and their officials, but one thing must be done. No government can last any time if it does not deal with the population living in that district. Millions of dollars have been spent on Churchill and the railroad is to be built up in northern Ontario and Quebec. I am all for that, but I want to know why it is that from 1534 to 1946 nothing has been done to help bring the wealth of the Gaspé to British Columbia.

Mr. CRUICKSHANK: I want to say a word about our merchant marine, but I shall defer doing so until to-morrow. In so far as railroads are concerned, British Columbia is going to ask that it receive the same consideration as any other province. We intend to have our share of anything that is done in connection with the railroads of Canada.

(Translation):

I wish to say a few words about the railways. If the C.N.R. is to take over the Gaspé line, why would it not assume the operation of the Peace river line?

[Mr. A. P. Coté.]

(Text):

Mr. CHEVRIER: That makes my task very much easier.

Mr. FULTON: Under this general item, I wish to say something about highway transportation and federal assistance to the Trans-Canada highway. My precedent for bringing up this matter under the estimates of the Department of Transport is the fact that in 1912 and again in 1913 a bill was sponsored by the then Minister of Railways and Canals to provide for federal assistance to the provinces for a programme of road construction. I realize that there is no other precedent, but that precedent was accepted at that time on all sides of the house. Inasmuch as roads are definitely one means of transport in the country, I think this would be an appropriate time to discuss this matter.

Mr. CHEVRIER: The Department of Transport has nothing to do with the Trans-Canada highway. I am informed by my officials that in 1917 grants were made to the provinces to assist in its construction.

Mr. FULTON: It was recommended in 1912 or 1913. I am simply suggesting that this would be an appropriate time to make a short statement.

Mr. CHEVRIER: I could not enlighten my hon. friend at all because it is not a matter that comes under the jurisdiction of the Department of Transport, nor could I reply to his statement.

Mr. FULTON: I think the minister may change his view on the matter as I proceed with my remarks.

The CHAIRMAN: The Trans-Canada highway does not come within the limits of the Department of Transport, and I do not think it would be in order for the hon. member for Kamloops to discuss it at this time.

Mr. FULTON: I was not going to discuss the Trans-Canada highway; I was going to discuss highway transportation in general and make certain recommendations, and it seemed to me that this general item of the Department of Transport was the proper place to do so.

Mr. CHEVRIER: I understand that the hon. member intends to discuss highway transportation, but again that is a matter which does not fall within the jurisdiction of the department; it is a provincial matter.

Mr. FULTON: There is no department of dominion-provincial problems, and these

problems of dominion-provincial relations must be discussed under one department or another.

Mr. CHEVRIER: I do not want to interrupt unduly, but there is no estimate in my department which would have to do with that in any way, and I do not see how my hon. friend could take it up on these estimates.

Mr. FULTON: May I call it eleven o'clock so that we can both think over the matter?

Mr. MACKENZIE: I would move that the committee rise, report progress and ask leave to sit again. I understand there is a report by a committee which should be tabled before eleven o'clock.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

PRIVILEGE—MR. COTE (MATAPEDIA-MATANE)—SENATE AMENDMENTS TO BILL NO. 8, RESPECTING CANADA DAY

Mr. A. P. COTE (Matapedia-Matane): Mr. Speaker, I wish to rise on a question of privilege.

Mr. MACKENZIE: It is after eleven o'clock.

Mr. COTE (Matapedia-Matane): I see that the order of precedence says that on Monday senate amendments to public bills should be considered. I have been sitting here for three sessions to-day; as a matter of fact I rushed six hundred miles to be here on time, at eleven o'clock this morning, expecting that bill No. 8, respecting Canada Day, would be called to-day. It was not. I should like to know from the government leader whether such a bill, after being passed in this house, and having received the sanction of the senate, even with amendment, is not as important as, for instance, bill T-11, an act for the relief of Fania Pustopedskaites Sobolevicius, otherwise known as Fanny Pustopedsky Sobolevicius. Now the day has passed, and the bill was not called. I understand it may not be called until Monday next, and I have read in the paper that we may adjourn on Saturday. Therefore it is a first-class funeral of a bill which must be in the minds of some people as important as this other one.

Mr. SPEAKER: Order. I have given some latitude to the hon. member, in spite of the fact that it is after eleven o'clock. If he has any question of privilege I would ask him to state it.

Mr. ST. LAURENT: It is already after eleven o'clock, but I should like to point out to the hon. member that it is not the importance of the legislation which determines the position it occupies on the orders of the day; that is determined according to the standing orders and resolutions of the house. To my amazement we have put ourselves in the position that since the 15th of April there has been no time for consideration of amendments made by the senate to a public bill introduced by a private member. The standing orders provide for consideration of such matters only on Monday, after private bills. On the 9th of April there was adopted by this house a resolution that on Mondays government orders would have precedence over everything except questions and notices of motions. I do not think it was intended at that time to shut out the consideration of amendments made by the senate to public bills presented by private members, but that has been the result. Until government orders are exhausted, such amendments cannot be called for consideration, and government orders are never exhausted until we arrive at the time of prorogation. The combined effect of the standing order and the resolution of the 9th of April is that there is no time now at which this item of business could be called for consideration without the unanimous consent of the house. It happens to be a matter about which there is considerable division of opinion, and I would not anticipate that the house would wish to give unanimous consent to its taking a position that, under the orders and resolutions, it is not entitled to.

I am afraid that, as a consequence of what was done on the 9th of April, not intentionally but nevertheless as a decision of the house, there is no room for the consideration of these amendments at this session, and the hon. member will have to trust that the house, the country and the government will consider as to whether the matter should not be reintroduced as a measure having other precedence at the next session of parliament.

Mr. GRAYDON: Mr. Speaker, may I just suggest to the minister that I have never heard a more polite burial service in my life.

On motion of Mr. Mackenzie the house adjourned at 11.08 p.m.

Tuesday, August 13, 1946.

The house met at eleven o'clock.

PASSPORTS

REFERENCE TO ARTICLES IN MONTREAL "GAZETTE" OF AUGUST 12 AND 13

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I have before me the morning *Gazette*. In view of the fact that chapter, verse and line are given respecting the alleged application for passport and naturalization, possibly the minister is now in a position, with that information, to make a statement.

Hon. ERNEST BERTRAND (Postmaster General): I intended making a statement about this affair to-day, but I have not yet the latest word regarding it. I shall have it in a few minutes, and with the permission of the house I will then make a statement.

[*Later:*]

PRIVILEGE—MR. BERTRAND (LAURIER)

Hon. ERNEST BERTRAND (Postmaster General): Mr. Speaker, I should like to make a short statement on a question of privilege.

Yesterday morning in the Montreal *Gazette*, page 13, and in this morning's, page 9, appeared reports signed by Lawrence W. Conroy and entitled respectively "Suspicion in false passport ring points to federal cabinet member," and "Spy aided by false credentials was known as William Brandis".

In February, 1938, Corporal Noel of the R.C.M.P. came to my office and asked me if I did remember recommending one Willy Brandes, who had asked for his naturalization in September, 1936. At first I did not remember, but after the officer had described the applicant I said that I did remember a man, corresponding to the description, who had come to me accompanied by two persons, one of whom I knew well. On was Aaron Marcovitch, and the other was a gentleman whose name I gave to the police, but I do not need to give it here because he had nothing to do with what happened after that. At the time I was not sure which one of the two had been in my office with Brandes to whom I had given the letter shown to me by the R.C.M.P.

Why did I give this letter? During the election period of 1935 Aaron Marcovitch had presented himself to me as a brother of one Marcovitch whom I knew as a perfect gentleman, and who was in charge of Sam Jacobs' central committee in Cartier division. Aaron told me that he knew the Hebrew element of my district very well, that he was agent for the Hebrew Sick Benefit Association, which I found to be correct. He succeeded in convincing me of his usefulness. He worked in my committee all through the elections under the supervision of my campaign manager.

The R.C.M.P. officers went to Aaron Marcovitch's house and the latter admitted that the photo of Brandes was somewhat familiar but that he could not place the man. He denied having had anything to do with the naturalization papers, and to convince the officers he offered them to go through his records with them. They accepted immediately, and found out the name of Brandes, his certificate number 22970 and the certificate number of one Schulem Brandes, number 10164, a man who had been naturalized in 1913 and who had been given as Willy Brandes' father in the papers shown to me and later presented to the authorities.

Later on Marcovitch admitted that Mrs. Schulem Brandes was an aunt of his own wife, Mrs. Marcovitch.

Willy Brandes' profession was given as Hebrew teacher in the Montreal Hebrew school. I remember that he was a gentleman who was well dressed, spoke very good English and very good French.

The officers found that a marriage appeared to have been celebrated between Willy Brandes and Mary Stern by a certain rabbi—I do not need to give his name—before two witnesses whose names appeared but both of them denied having ever witnessed such a marriage.

When I was told of the details of the R.C.M.P.'s inquiry it helped my memory to reconstruct this affair.

The application forms for naturalization were signed as of the 10th of September, and explained the terms of my letter of the 15th, which is as follows:

Officer in charge of naturalization,
Parliament building,
Ottawa, Ontario.

Sir,

I hereby recommend to you Mr. William Brandes, who is filing his papers to obtain Canadian naturalization. Mr. Brandes has been living in Montreal since he entered Canada at the age of eight years old. He is employed as professor by the Hebrew school of Montreal and is absolutely recommendable from all angles.

Yours very truly,
(Signed) E.B.

These details of my letter, relating to Brandes' stay in Montreal and his profession of school teacher, had been furnished to me by Marcovitch and Brandes himself who accom-

panied his supposed cousin to my office. These forms showed the number of Brandes' father's naturalization paper obtained in 1913. I had no reason to doubt Marcovitch's words, as he had always acted properly during the time I had known him.

Marcovitch was a very sick man in 1938, when the mounted police made the inquiry, and was restricted in his movements by the said police orders. He died on November 11, 1944.

I never signed anything else but the letter just quoted. Fred Rose's name does not appear in the file. I did not know him until long after September 1936, and to say "that the first signature was that of Rose", which it was necessary to cover by "another signature who would be like Caesar's wife, above suspicion" with all the implications that follow, is malicious and untrue.

I am sorry to have been deceived by Marcovitch and Brandes, whose story was plausible, but there was nothing but absolute good faith in my behaviour. I say again that I have never heard of Fred Rose in this affair.

INCOME WAR TAX ACT

Hon. DOUGLAS ABBOTT (Acting Minister of Finance) moved the second reading of bill No. 368, to amend the Income War Tax Act.

Mr. RODNEY ADAMSON (York West): I am making this speech at the present time because I consider the income tax bill the most appropriate of the measures going through the house in relation to which to make the present submissions. Part of what I have to say would probably have been more appropriate under the foreign exchange control bill; possibly part of it would come appropriately under justice estimates, and part of it under the department of mines. However, in order to save the time of the house I have endeavoured to condense in one speech what I have to say at the moment and to make that speech at this point. I trust, Mr. Speaker, you will allow me a certain latitude in my remarks if in part the material I give to the house is not strictly relevant to the Income War Tax Act. As I have said, I am endeavouring, for the purpose of saving time, to make three speeches in one.

The first part of my remarks deals with the effect on the Canadian economy; of parity of the Canadian dollar; the second deals with the measures taken by the government to overcome the loss sustained by the mining industry, while the third offers some recommendations concerning the gold mining industry and the free gold market generally.

When this government, in the wisdom of the experts of the Department of Finance, decided to put the Canadian dollar at parity, certain definite things happened. The first, and probably from the long-time point of view the most serious, was the restriction placed upon our exports. We have recently heard at great length the comparison of Canadian costs with costs elsewhere, particularly in the United States, and it has been strongly impressed upon this country and upon this parliament that Canada must export to live. Canadian manufacturing costs are higher than those in the United States, despite the fact that wages are lower in Canada. The selling price of the finished product is higher in Canada. Therefore Canadian sales abroad will have to overcome two very serious handicaps imposed upon them by the economy of the country.

The ten per cent discount on Canadian currency was a help to Canadian producers, and to remove it at this critical time was a blow to all industry. I mention in particular at this time the Canadian lumber industry, and I should like to quote one paragraph from *United States News* of July 26 with reference to that industry. The article deals with what is called currency tinkering. I quote:

> A hazard is involved in currency tinkering. Widespread upward valuations of currencies may promise a temporary buying advantage in the United States markets, but eventually when foreign business men must sell in United States markets those countries might be left high and dry. Right now, by raising currency values, foreign countries can buy more cheaply and sell more dearly in United States markets; but the time may come when they would like to reverse the situation. Canada can now sell lumber to this country at almost any price, but when the present abnormal demand subsides Canadian timber may cost too much for United States buyers simply because United States dollars cost too much.

That, Mr. Speaker, is the condition of one of our primary industries and I suggest that it is not uncommon in many other primary industries. Certain industries have been able to raise their selling prices in the United States but many of them find it difficult to do so for reasons of our internal economy and for reasons that are basic because of our higher unit costs.

If the pattern of the industrial market is at all similar to the pattern of the previous cycles, we are approaching the end of a boom market. There is a distinct possibility that we may be going into a period of declining markets and production, with the usual dis-

location of employment and the troubles that it always brings. I say this because of the study I have recently made of the world markets, and particularly the markets on this continent. The graph shows an unmistakably similar pattern to that of both the 1929 crash and the one subsequent to that, just prior to the war. Therefore I say to the government that it is vitally important that they should not throw away at this time any possibility of strengthening our trading position.

There is one thing more I should like to say on parity of the Canadian dollar with the United States dollar. It is but a dream; it is not in fact in existence. There may be an official quotation of the foreign exchange control board, but in actual fact Canadian funds are selling at anywhere from 3½ per cent to 4½ per cent discount at this hour. That is not in a small way; it is not in the small banks. I wish to quote the middle of the market as quoted to me by the Chase National bank, the National City bank and the Bankers Trust, three of the largest banks certainly in New York, and probably in the entire United States, if not in the world. These are the quotations of the middle market in recent United States dollar terms: August 5, ·9619—that is what they would pay for a Canadian dollar; August 6, ·9637; August 7, ·9662; August 8, ·9650; August 9, ·9656, and August 11, yesterday, the quoting is the other way. Our currency was selling at a discount of over 3½ per cent.

Furthermore, Mr. Speaker, I received a letter from Chicago the other day which showed that a man whom I knew slightly was able to buy a very large sum of Canadian currency from one of the Canadian banks at over a three per cent discount rate. Therefore parity does not in fact exist, and the government will have to take recognition of it, because from time to time the pressure on the Canadian dollar will be greater and greater owing to the fact that normal trade between the countries is no longer in existence. I mention this particularly because, except in the tourist season, our normal trade with United States, which is largely agricultural, has been considerably curtailed since the period of the war. That has been brought about because we are sending most of our agricultural produce to the countries of Europe and the United Kingdom. Therefore it is reasonable to expect that even after the 3½ per cent discount the Canadian currency will only be—

Mr. SPEAKER: Order. I regret to interrupt the hon. member, but I have given him some latitude, thinking that he was about to close his remarks. I should like to remind him that the remarks he is making are not relevant to the bill before the house. If I give this latitude to the hon. member I shall be obliged to do the same for other hon. members. Therefore I would ask him to be kind enough to confine his remarks to the bill under discussion.

Mr. ADAMSON: Thank you, Mr. Speaker. I am endeavouring to do that. I want to point out why I consider that the taxation proposed by this measure is a severe blow on the mining companies, and that the relief suggested by this government is in fact of little value. I want to show the house, and I hope the country, that the blow suffered not only by mining but by the whole Canadian economy is brought about by the move which the government has taken and that parity is in itself a taxation of Canadian production.

At the beginning of my remarks I said that I was doing this in order to save the time of the house. I could have made this speech on the Foreign Exchange Control Act, but I refrained from doing it because I spoke to the minister about it and he suggested that I make one speech at this time. However, I shall endeavour to obey your ruling.

I have just one more word on this business of parity. Canadian currency is selling at widely separated points in the United States to-day at as much as seventeen and twenty per cent discount. I understand that even the Trans-Canada Air Lines agents are charging as much as six per cent discount. I refer to the agents to whom Trans-Canada Air Lines sends people in New York.

So much for parity; now let us see what this has meant to the rest of the Canadian economy, particularly mining. In Canada we were the first to boost our currency. Several other countries followed suit, Sweden and Brazil being the last. We did that along with Sweden, Brazil and other countries because we wished to buy in the only market where goods were plentiful and at as cheap a rate as possible. In other words we tried to put our buying position high and paid little attention to our selling position; but we shall have to take recognition of that, and very soon.

Now I come to the question of taxation. Putting the currency at par has meant a loss to the Canadian gold producer and the Canadian producer of base metals with a large gold content, of ten per cent of the gross value of his product. In other words he did not lose ten per cent of his profit; he lost far more than that. He lost ten per cent of the gross value, and in some cases

that means the entire profit. That should be very clearly understood by this house. It was a percentage of the gross value that was taken away, not the net value. The government has brought in some small measure of relief, and in a moment or two I am going to give figures to show how extremely negligible that relief is, but first I want to speak briefly about the situation in South Africa and Australia.

In South Africa the Union government under the minister of finance, Mr. Hofmeyr, realized the importance of producing every ounce of gold they could. So they arranged a method of differential taxation for low grade ore. In other words, if I can explain it to you, Mr. Speaker, and to the house, this is what they do. There is a rate of taxation on the mine; but for the low grade ore the depletion allowance is increased as the grade decreases. In other words the depletion allowance goes up in inverse ratio to the grade of the ore. That means that as your grade goes down, so does your taxation go down, so eventually on ore which is definitely marginal and where the cost of milling and mining is very little less than the gold recovered is worth, the depletion allowance approaches one hundred per cent. I have not seen the most recent figures, but I understand that the rate goes very high, and I have heard that in some cases there is actually a bonus on the production of low-grade ore.

What does this do? It assists a mine with a large body of low grade ore to take out that ore body almost without taxation, and that is a tremendous gain to the economy of any country; for it means that instead of so many thousand tons of rock lying under the ground you have so many hundred ounces of gold. For years the mining industry have pledged with this government and with the Department of Finance to increase the depletion allowance to fifty per cent for both shareholder and mining corporation, but nothing has been done. I want to suggest to you, Mr. Speaker, that careful study should be given by this government, if they are sincere in wanting to help the mines, to the South African method of taxation as I have endeavoured to explain it.

In Australia a situation existed similar to that which exists in Canada to-day. A government not particularly helpful to the mines was in power—I think it was during the Lang regime—and a heavy taxation was put on Australian gold mining. This effectively killed all the mines in eastern Australia, that is in New South Wales and Victoria, and those mines have never reopened. They were small producers, but they were very helpful in the development of the country in that agriculture followed the mines into the hinterland of those two states, where now a thriving agricultural economy exists. We have a close parallel to that right here in Quebec, where we have low grade mines just getting by, making profits of a few cents a ton. For 1944 the average profit of all western Quebec gold producers was 62 cents a ton. Those mines will do everything they can to keep in production, but if they are forced to close it will be found impossible to continue agricultural development along that northern Quebec clay belt, because the mines provide the market in that area. If that market is taken away from agriculture it will find itself badly off, because other markets are too far away. So to have the mines close would be a definite hindrance to colonization in that part of Quebec. Just the other day, in connection with a railway bill, we saw the difficulties that exist in connection with colonization and the important part played by the mines.

Now, Mr. Speaker, I come to what the government's proposals mean to a group of individual mines. Putting the Canadian dollar at parity reduced the gross value of the product of our gold mines by ten per cent. Now let us see what the proposals of the Department of Finance mean to a group of low grade mines; and I have the figures here for twelve low grade mines in Ontario. With the consent of the house, Mr. Speaker, I should like to put this table on the record. If I have that permission I need only read the name of the mine, the grade in ounces per ton, the net profit per ton and what the new proposals of the Department of Finance mean per ton to each of these producers

Mr. ABBOTT: Who prepared the table?

Mr. ADAMSON: The Ontario Department of Mines. If I could have the permission of the house I should like to place the entire table on record.

Mr. SPEAKER: Has the hon. member unanimous consent to place the table on the record?

Mr. IRVINE: We do not know what the hon. member is talking about, because we cannot hear him.

Mr. ABBOTT: Did I understand the hon. member to say that the table he proposes to put on record was prepared by the Ontario Department of Mines?

Mr. ADAMSON: The Ontario Mining Association. The table is as follows:

Effect of Depletion Allowance at $2 per oz. and Decrease in Mint Charges from 35 cents to 20 cents per oz. on 12 Ontario Gold Mines whose Net Profits was less than $2 per ton

Mine	Year	Grade oz. per ton	Net Profit per ton $	Depletion at 33⅓ per cent $	Depletion at $2 per oz.	Additional Income due to decrease in Mint charges $	Estimated Net Profits per ton after applying new depletion allowance and decreased Mint charges $	Estimated Increase in Net Profits per ton $
Broulan	1945	0.19	0.44	18,285	33,932	2,545	0.53	0.09
Buffalo Ankerite	1944	0.17	0.15	19,303	82,132	6,160	0.27	0.12
Hasaga	1944	0.12	0.11	5,746	33,578	2,518	0.14	0.03
Little Long Lac	1944	0.34	1.83	52,192	45,564*	3,417	1.89	0.06
Madsen	1945	0·26	0.96	44,679	50,876	3,816	1.04	0.08
Matachewan Cons.	1945	0.10	0.41	22,643	31,186	2,339	0.42	0.01
McKenzie R. Lake	1944	0.24	1.51	53,920	38,126*	2,859	1.54	0.03
Pamour	1945	0.09	0.63	117,757	79,216*	5,941	0.64	0.01
Paymaster	1944	0.22	1.06	63,105	54,538*	4,090	1.07	0.01
Preston East Dome	1945	0.25	1.11	114,574	112,656*	8,449	1.13	0.02
Toburn	1945	0.32	0.55	17,378	25,362	1,902	0.74	0.19
Young Davidson	1944	0.09	0.59	41,148	29,220*	2,192	0.60	0.01

* 33⅓ per cent Depletion allowance will apply instead of $2 per oz.

Of the 38 producing Gold Mines—

17 made Net Profit of over $2 per ton and were unaffected by Depletion allowance change
9 made a Loss
12 Mines listed above made Net Profit of less than $2 per ton.

Now, let us look at the figures for two mines in Quebec, namely Canadian Malartic and East Malartic. The figures in the daily press for Canadian Malartic show the grade at about $3.80 a ton; and therefore on parity Canadian Malartic will lose at the rate of 38 cents per ton. The proposals by the minister have been worked out by the mines to show a magnificent saving of $800 a year in this mine. The 1945 figures for East Malartic show a saving of precisely nothing. We have heard these figures brought into the house and the statement that they give assistance to the Canadian mining economy. The figures I have just read for two provinces show that they mean nothing. In fact, I wondered at the minister, who is a sensible man, reading them into the record. Surely the department must have been putting one over on him on that score.

One more quotation about mining costs. Mr. Drummond-Hay of Winnipeg who, I believe, is the managing director of San Antonio and God's Lake, speaking recently in Winnipeg said that the concessions are of infinitesimal value.

I say this situation is extremely critical for the mining industry, because once a mine closes, particularly a low-grade mine, it does not open again. Once a mine closes—and hundreds of mines have closed across Canada—

Mr. ABBOTT: Hundreds which should never have been opened, perhaps, too.

Mr. ADAMSON: Oh, no.

Mr. ABBOTT: I am not referring to producing mines.

Mr. ADAMSON: And there are hundreds of producing mines which have closed. The figures given the house a few weeks ago by the hon. member for York South showed twenty or thirty mines which opened, produced and closed without paying anything to their shareholders. But those mines paid a considerable amount in taxation to the economy of this country, to say nothing about the gold they produced. I believe it was in the neighbourhood of $30 million or $40 million in gold they produced, and yet not one cent was returned to the shareholders.

The government's proposals are negligible. Now we are faced with two things, the first of which is that Canadian currency is selling at a discount to-day in New York. If the government are adamant in maintaining parity —and I do not know whether they can change their minds again—the Canadian gold producers must be given the benefit of the open market buying rate in the principal American banks.

Mr. ABBOTT: The hon. member said he did not know whether the government would change its mind. Is he in favour of putting the Canadian dollar back to a discount?

Mr. ADAMSON: Not at the present time, because you cannot continuously juggle currency.

Mr. ABBOTT: I was wondering about that, because the hon. member implied that the government might change its mind again to help the gold miners.

Mr. ADAMSON: I see no reason for the government's having taken this action, namely, that of putting the dollar at parity. But once it is done, it cannot continuously play around with currency. The government in its wisdom has followed a course which I consider a wrong one. It has taken a step which will seriously affect the entire Canadian economy, an effect which the government cannot make stick. The government cannot maintain Canadian currency at par with the United States dollar. The fact that the buying rate to-day is 3½ per cent discount and is increasing, shows that it cannot do so. Therefore the first thing I ask the government to do to assist the mines is to see to it that they get the benefit of the discount on Canadian currency. At the present time it amounts to 3½ per cent, or over a dollar per ounce of gold.

The second thing I ask the government to do is to increase the depletion allowance, particularly on low-grade mines. What they have done amounts to nothing. I suggest the system which originated in Africa, whereby depletion allowance could be worked out as an inverse ratio with the value of the ore treated.

The next thing—and I have no time to discuss it in detail now—is that the mining companies should be allowed to sell on an established free market for gold in Canada, or do their own marketing of their own bullion in markets elsewhere. I say this because there is no doubt that the market is able to absorb our production. Since 1939, according to the American bureau of metal statistics—and this is the last quotation I want to make —the world production of gold has been 240,019,000 fine ounces. This figure includes estimates of 29,000,000 for Russia and Siberia, and 12,700,000 for Korea and Japan. All other figures are from official sources. Presumably, figures for the seven year period from September 1, 1939 to September 1, 1946 would be comparable in amount. In other words, since the outbreak of war the world has produced $8,400,000,000 worth of gold at $35 per ounce, and at the same time gold holdings of the

United States government have been reduced, according to official reports by some $2,500,000,000. It is evident, therefore, that the world ex-United States has absorbed some $11,000,000,000 worth of gold since September 1, 1939. It seems reasonable to suppose that many of the present owners of this metal paid a premium for it in terms of currencies including United States dollars. If they had thought that gold was not worth more than $35 United States dollars per ounce, many of them would have bought dollars instead of the metal. The United States government has made it impossible for their citizens to acquire gold as a means of preserving value in the face of a depreciating dollar, which the rest of the world has recognized by outbidding the United States government for some 300,000,000 ounces.

Now, Mr. Speaker, our maximum production of gold is in the neighbourhood of $200,000,000 a year. Since the war the United States alone have lost more gold than our total production. For anybody to say that we could not market our total gold production is, in view of these figures, nonsense. Therefore I say, if you are serious in seeking to maintain the gold industry in Canada, provide an opportunity for the operating mines to market their bullion how and where they wish, increase the depletion allowance to at least fifty per cent and possibly more on marginal producers, and immediately allow the Canadian producer to obtain the benefit of the discount already in existence on Canadian currency in the United States.

Mr. JOSEPH A. BRADETTE (Cochrane): Mr. Speaker, I am sorry in a way to have to take the time of the house at this stage of the session, but I believe it is my implicit duty to present the situation as I see it of the gold mining industry. I happen to represent a constituency where for the past thirty-five years there has been the greatest development in gold mining, and as this bill deals with and may bring some relief to the industry, I believe it is my duty to say a few words.

I am voicing the sentiments of every one of my constituents when I state that we were not merely satisfied but proud when the government brought the Canadian dollar on a parity with the United States dollar. We produce gold, pulpwood, wood pulp, sulphite and newsprint in northern Ontario. At least ninety per cent of our production goes to the United States, and so we were benefiting when the United States dollar was at a ten per cent premium over the Canadian dollar. But we always thought in terms of the national economy, of what was good for Canada as a whole. We are proud of the fact that the Canadian dollar to-day is the soundest monetary unit in the world, and I say that without fear of contradiction.

But one industry, gold mining was hit when the Canadian dollar was placed on a parity with the United States dollar. This industry was hit an unexpected blow; it was a bolt from the blue. For the last four or five years our gold mining industry has been getting a price of $38.50 an ounce for gold, not $35,00, and we must never lose sight of that fact in discussing this important question. But because of the ten per cent premium on the United States dollar our gold mining industry has been able to build up and expand on that price for gold. They have been developing new mines and putting them into operation. The Minister of Finance (Mr. Ilsley) so well realized the position of the gold mining industry that when he made his announcement in the House of Commons that the Canadian dollar was on a parity with the United States dollar he singled out the gold mining industry as one that would be hit by that policy. The very night he made his announcement I received telegrams from some of the industrialists of Kapuskasing, Smooth Rock Falls, and Iroquois Falls. They were worried over what it meant to the industry. However, the price for newsprint, lumber and pulpwood is not set by Washington; it is not a standard price, and I told these industrialists that I was positive that the price situation was so resilient that they would get an increased price for their production. A few days later the price of newsprint was raised to $6.50 per ton, and the wartime prices and trade board also raised the price of lumber for export to the United States.

I want to deal with an industry that has played a great role in our Canadian national economy. Under war conditions the gold mining industry is one of the first victims, because immediately there is a shortage of man-power and of the necessary materials for continuing their operations as in peace time. This applied just as forcibly in world war II as in world war I, if not more so. Very soon after the outbreak of war in 1939, and more particularly in 1940, the gold mining industry felt a great shortage of man-power because a large number of the men engaged in the industry enlisted voluntarily in world war II just as they did in world war I, and in a very short time there was also a great shortage of the materials required in the industry. Under those conditions the production of gold decreased to some extent.

In 1941, if I remember right, the Minister of Finance appealed to the gold mining industry for intensive production so as to help our Canadian credit position, more particularly in the United States market. There was an immediate response to that appeal from the gold mining industry. They delved deeply into their ore reserves, so that to-day many of the big producers find their ore reserves greatly depleted—and if there is one thing that causes the management of a mine to worry it is the depletion of their ore reserve. No matter what some members of parliament may think, no one is more concerned in lengthening the life of a mine than the mine owners themselves. It is true that mining is a wasting process, that eventually you are left with a hole in the ground with no more ore or work to be done. At present in Canada there are many abandoned towns which in the past were thriving communities. But that does not mean that there has been waste in the development of these mines. I hold no brief for the mine owners, but I have seen the mines in operation and I know that the mine owners have spent all their energies in producing all the gold they could possibly find.

There was great rejoicing when a few years ago the price of gold was increased to $35 an ounce. The reason for that rejoicing was that it meant that a mine like Hollinger, in the town of Timmins, had its life lengthened by at least thirty years. I want the house to be seized of this fact, that no mine operators and no mine owners that I know of are deliberately wasting the resources and natural assets of their mines.

Having established that point I would like hon. members to realize what the gold mining industry means to our section of the country. I am divulging no secret when I say that only a few days ago the leader of the Social Credit party, after visiting northern Quebec, said that he was astonished to find what the gold mining industry of northern Quebec and northern Ontario meant to those sections of the country and also to the whole of Canada. Around these gold mines have grown up centres of population such as Kirkland Lake, Timmins, Schumacher, South Porcupine and many others, which enjoy public utility services and social services which have been permanently established because the people expect to remain there for a long period of time, in fact all their life. Again I repeat that management and labour are working together in the closest co-operation possible to produce every ton of ore and by that process to extend the life of the mines, and that not a single ton of it is being wasted. I would not fight for one moment for any so-called gold mine in which the grades of ore were so low that it would not be economical to exploit them. Yesterday I was speaking to a young member of parliament from Amos, Quebec. He spoke of a particular mine in that section in which the cost of operations is $40 an ounce, and I told him that he could not expect anyone to fight for such a mine, because after all we cannot afford to bonus mines that are not self-supporting on the basis of the prices that are being received at the present time.

Owing to the increased price we were getting, by reason of the difference between United States and Canadian currency, we have permitted the construction and operation of a large number of low-grade mines, operating on the basis of a price of $38.50 an ounce, and these mines were barely existing, making very little profit. Those are the mines now in operation which we want to see maintained. We do not want to see hundreds if not thousands of men who are at present gainfully employed thrown out of employment.

There is more involved in gold mining than the bare extraction of the gold. In the clay belt of northern Ontario gold mining has made a considerable difference to the Canadian economy from the point of view of agriculture. Without gold mining we would not have gone ahead to the extent that we have done in colonization and agriculture, and it might be a revelation to members of parliament to learn that in the last thirty-two years in northern Ontario, in that part of the country I represent, there has been a greater advance and a greater influx of new population engaging in agricultural activities than in any other section of Canada, including the west. Not only do these conditions give employment to farmers in providing them with a local market for all their production, but there has also been a remarkable development in our forest industries as well. These factors alone will cause everyone to realize how necessary it is to maintain at capacity the gold mining industry of Canada. The industry means so much to our national economy. In my opinion the situation that has been created by the parity of the Canadian dollar is in one way a good thing, because it will make members of parliament more conscious of our gold mining industry and of some of its problems.

I remember in 1934 when the prime minister of that day, Right Hon. R. B. Bennett, in his budget speech, made the announcement of the bullion taxation on gold, and I was the only member to rise immediately and assure him that, knowing the situation as I did, it

would be impossible to apply that tax. But I got little applause at the time. I have no wish to be critical, but I suggest that there are very few members of parliament who know the exact situation and fully realize what it means to our national life to have a prosperous gold mining industry.

I would not, of course, say that the proposals brought forward by the government are entirely satisfactory.

Mr. ADAMSON: The same officials were in the Department of Finance then as now, and I am afraid they are responsible for both these bad things.

Mr. BRADETTE: Even if they are, I must say to the hon. member—

Mr. ADAMSON: I fought against the bullion tax too.

Mr. BRADETTE: I am sure that those same gentlemen, knowing the situation as well as they do, were the first to realize that a mistake had been made. We must realize that we are dealing with people who are completely open-minded. I for one do not believe that an official of the government, with the wide experience that these men have had and the admirable work they have done since the beginning of the war—work that has been a revelation to the entire world—would deliberately do anything that would hamper the gold mining industry, or for that matter any other industry.

There is another important thing about gold mining which I would draw to the attention of the house. I would point out, by the way, how important it is that the men at the head of the industry have been so practical. I deplore some of the criticism that has appeared in the press, and I have in mind one newspaper in particular. I will not mention its name, but I will say that most of its arguments are far-fetched, and it goes too far. I say that because gold mining, I believe, has a good case, and for that reason we do not need to overdo it in its presentation. I know that the big mining men will not be severely critical but will be constructive in this instance as they have been in the past. I should like to quote one or two statements that have appeared in the press, and I do so to corroborate what I have been saying. Let me first quote something that was said in Winnipeg, as taken from the Ottawa *Journal*:

> Winnipeg, July 29—(CP). The proposed dominion relief to gold mines to compensate for the loss suffered when Canadian dollars were brought to parity with the United States has been approved by mining men and Manitoba mines department officials, but it is not enough.

[Mr. Bradette.]

This is fair criticism, and at the same time it is constructive. It shows a realization that the government has been taking a step in the right direction. I quote again:

> J. P. de Wet, secretary of the Manitoba chamber of mines, said any relief would be welcome but present relief does not come up to expectations. Provincial director of mines Doctor G. M. Furnival said although no Manitoba mine was in danger of having to shut down due to exchange loss, the relief would encourage some prospective mining operations.

This again is constructive. May I now quote one paragraph from an article that appeared in *Saturday Night* of August 10. This is just a few lines to give hon. members an idea of the situation:

> One of the much talked of recessions in the recent mining market which suffered devastating losses following the placing of the Canadian dollar on par with the U.S. dollar, was that in the shares of Giant Yellowknife Gold Mines. It was a market in which for weeks a terrific beating was taken, particularly in the shares of prospects, the newer mines, or those where production could be visualized and Giant—one of Canada's potentially big gold mines—declined close to the $5 mark, less than half of the high attained by the shares in 1945.

When the announcement was made in the house by the Acting Minister of Finance (Mr. Abbott) a few days ago, the *Globe and Mail* made a statement that suggests that there must have been a leak somewhere, because mining stocks sky-rocketed. I do not know what figure they received, but the first information I had was that there was a bonus of $2 an ounce on all our gold production. I was wrong on that point. I have no sympathy with the stock market, because if inquiry is made under certain conditions, when it becomes bearish, it is evident that somebody is holding the bag for the speculators, and I have no sympathy with speculators. My sympathy is for the producers, the promoters, the prospectors and those who do the actual work, but I have none for those who try to make money without taking any of the risks. I quote again:

> The price of the shares at time of writing had improved and this was partly due to the federal government's new ruling authorizing exemption from taxation for new mines for a three-year period.

There is a mine that is developing low-grade ore, and these people are satisfied that the government has tried to help them.

I wish now to say a few words about a world market for gold. Personally I do not believe in it, because under present conditions I do not think it is practical. I will go further than that. If the mining industry as a body will come to the federal government and say, "We are willing to take all the risks

of selling in the open market. We are paid by the federal treasury at the standard price set by Washington, but to-day we believe there are other markets where we can get more for our gold, and we want to take the risks involved in that market", then I suggest that the government might act. But unless those engaged in the industry are organized and willing and ready to do this, I do not support that principle.

We talk about prices being paid by Mexico. I wish to tell hon. members that the price which the producer would get from Mexico would be less than $35 an ounce. I know whereof I speak. The same thing applies to Argentina. There again, although the price seems to be a big one from here, when you study the situation and get the proper information you will realize that the producer would get less than $34 for an ounce for gold.

We talk about outside markets like India or Egypt, which are in the sterling area. Should our producers take a chance of disturbing their markets by entering the sterling area? I just leave these thoughts for the consideration of hon. members. I do not know of any big producers who are in favour of that. I did not hear Mr. Bickell or Mr. Longmoire or the men who are well versed in gold mining and in the marketing of gold come out very strongly for an open market for our production. If they were asking for a guarantee, or rather governmental protection, to have access to the world market, then its effect would be destroyed by this demand. At the moment there are guarantees of a standard price for gold on which we can implicitly rely, and that is an important factor in any kind of an industry and in any kind of a mine. Again I leave that to the consideration of the House of Commons.

So far as I am personally concerned I am not convinced that an open market for our gold would be the proper thing to have. Are we going to try to bootleg or black-market one of the things which has set the monetary standard of the world? Are we to take the risk with Washington, for instance, after finding out that we were able to improve our production? The attitude of Washington has been a stabilizing factor for the past four or five years, in fact for a long period of time; and at times we have got a premium of $3.50 an ounce on the gold produced. Are we going to throw that overboard, practically destroy that security of marketing, and try out what appears green from a distance but on close examination proves to be nothing but shallows so far as our production is concerned?

I shall now say a word about depletion allowance. A lot could be said on this subject, but I know that hon. members have read the fine report and the recommendations made by the senate committee on natural resources. Depletion allowance has been the bone of contention for a number of years, and even if it were increased to fifty per cent it would not be the solution of all these problems. But no matter what may be said, the offer of the government to allow the option of accepting as depletion either 33⅓ per cent of net profits or $2 per ounce of gold produced is a step in the right direction, and it is going to help a lot of low grade ore mines. However, I wish to make a special request of the government. I do not believe that $2 an ounce as an option is sufficient. I believe that the amount should be $2.50 at least. In placing the amount at $2.50 you are not going to help the big producers; generally speaking they look after themselves. They have shown in the past that they can do it, and they are showing it at the present time. It is the marginal producer, the one on the borderline, that I am worrying about—the one I mentioned a few moments ago. These mines exist to a great extent in northern Ontario and more particularly in northern Quebec.

I repeat that the option of $2 an ounce is helping at the present time, regardless of what the previous speaker may have said. I could quote all kinds of statistics to corroborate my statement, but I make this sincere appeal to the treasury and to the Minister of Finance. The amount should be $2.50 instead of $2. I speak with experience, and I believe that my word should be listened to. I am speaking not in the name of the gold mining industry only; they do not want self-pity. They have always come back on their feet and they will do it in the present crisis; at all times they showed a great deal of self reliance. But this is almost a crisis for them. Let us place ourselves in the position of the gold mining industry so far as parity of the Canadian dollar is concerned, and we shall see the reasons for their uneasiness and why they are not feeling so happy, why they are afraid that the expansion which they have in mind during the rehabilitation and post-war era will be stultified.

I do not wish to enlarge on this subject because I realize the impatience of the house after so many months of arduous work; however, I am speaking with all the sincerity I possess. I should be the last one to fight for any organization which did not deserve it, but I have seen with my own eyes and I know what it means, not only regionally but also nationally, to maintain in its integrity the gold mining institutions of our country. It

was a marvellous thing for me during the depression years when everyone of us suffered so grievously. There is not a member of parliament, or a Canadian worthy of the name, who did not try to help during those five or six horrible years when we had so many people come to us with their tale of woe. Even in the agricultural centres there were depressions. But when you went to the gold mining centres you found the people fully employed. People came there from every section of Canada. To the credit of the gold mining industry of this country there was no decrease in wages, although there was an oversaturated labour supply and thousands of men who wanted to work in the mines. But more than that, during those years the companies found it possible to improve the working conditions of their workers and to some extent to increase their wages.

It is my good privilege to know a number of mine owners, and I have seen them in action. There is one thing I have against the mine management and the mine owners, namely, that they have not told their fine records, achievements and story to the Canadian people. For instance, they have not told what they have done for the treatment and the cure of silicosis. Owing to the work carried on by the mine owners, in a few short years silicosis will be non-existent in this country. The mine owners have improved the working conditions, and have done all they possibly could for the workers generally. There is not a mine manager or a superintendent in my section of the country that a man when he leaves his shift or the level on which he works could not go and speak to. I am not saying that everything has been perfect but I am asking that due consideration be given to an industry which means so much to all walks of life—to agriculture, to manufacturers, to our labourers and also to our national economy. They have always played the game. They do not ask anything that is unfair or unpracticable. I know that the department is fully seized of the situation. The remedies which have been brought forward will help, and no doubt something more can and will be done. If that help is given I can assure the house that the districts for whom I speak and the fine population that is involved will highly appreciate it, as will every other section of our country.

Mr. T. J. BENTLEY (Swift Current): Speaking for this group at this particular time, on second reading of the bill, I shall be just as brief as possible. We do not agree with the principle of this bill. Of course the minister did not expect us to agree with it, and he knows the sections with which we disagree. I hope that he can understand some of the provisions with which we disagree. I do not think there is a lawyer in this chamber to-day who can interpret what the government means by some of them.

The minister told me at one time that I had no legal training. I have none, but I am sure I could put down what I meant in better words than are contained in the bill, even if I wanted to cover up my meaning. They have successfully covered up everything that they intended to mean. They have made it possible to interpret this bill in any way they wish. In my opinion this bill is for no other purpose than to liquidate and prevent the development of this working class organization, the cooperative movement, the best free enterprise organization in Canada to-day. I have set out emphatically our opinions and what we think of this bill. I do not suppose there is the slightest hope of convincing the acting minister, the minister himself or their sharp advisers in the department about these things, but I want to try to convince the house, and I am sorry that the two hon. members who gave the particular illustration that I am going to use are not in their places.

The hon. member for Calgary West (Mr. Smith) is over in the industrial relations committee; the hon. member for Halifax was in the chamber but went out. I am going to use the illustration given by the hon. member for Calgary West to indicate what we mean when we say there is no profit in a cooperative enterprise.

The illustration given by the hon. gentleman was that of a stranger driving along a road, who decides he needs some supplies. He comes to a little settlement on the road, and stops. There is a store over here belonging, we will say, to Mr. A, and a store on the other side of the road belonging to the local cooperative association. He looks at both stores. They appear exactly the same; to the stranger there is no apparent difference. Both sell the same goods, and both have the same window display. But bear this in mind: those stores were not put there for the benefit of that stranger. They were put there by Mr. A and the cooperative association primarily to serve the people of that community. The stranger travelling over the road is only a casual customer, who may never come that way again, while those stores were put there to give service to the community.

When Mr. A runs his store, everything he has left over and above the cost is profit for his pocket, and he uses that profit for his living. That is quite legitimate; there is nothing wrong with it.

Mr. ABBOTT: Except the taxes he has to pay.

Mr. BENTLEY: All right; I shall get to that. He is an individual; so am I as a member of the cooperative. Do not forget that members of cooperative associations as individuals will pay taxes with just as good or bad grace as anyone else, according to their nature. I do not like paying my taxes. I pay them with a kind of brassy smile, as when I lose at poker, but I pay them.

Mr. ABBOTT: Poker? You mean cribbage.

Mr. BENTLEY: Right. Now I want to point out that this individual, Mr. A, to supply his own household, buys his groceries or clothing or hardware from his store, but he does not put money in the till for that. Neither do his clerks, if he has any. They take what stuff they buy at the wholesale price, as a general practice, or with a very little added to cover the cost of moving it over the counter, but without paying any profit. So Mr. A makes no profit on Mr. A's personal business. Get that point, please. Over on the other side of the road is the store owned by the cooperative association of which I am a member. A hundred other people in that community, farmers and workers of one kind or another, are my partners. We felt we could save ourselves some money; our incomes were not large and we wanted to make them go as far as possible in the purchase of supplies. So we decided that while no one of us could build a store of his own, all of us together could build one which would belong to all of us, and that we did. To that extent the one hundred partners in this cooperative association became one entity as far as the ownership of the store was concerned. When we go in to buy our stuff we are in exactly the same position as Mr. A. We can make no profit on our own business.

I want to make that point clear, because we are distinctly dissatisfied with this bill on that account. No distinction is made in the bill between a cooperative association and a private concern. There is no place in the bill under which a cooperative association can feel safe in going ahead with the particular kind of enterprise or industry in which it is engaged. The whole thing is an endeavour to put the cooperative association in exactly the same position as everybody else. Do not forget the illustration. No man can make profit from his own purchases in his own place of business, whether he be a gold miner —and we heard a good deal of talk about gold this morning—or a storekeeper or an elevator operator or anything else. He cannot make money supplying himself from his own stocks. He makes his profit when he supplies other people who pay him more than he has had to pay for the goods or services he supplies. That is his income. It is a legitimate income, and I am not complaining about it. I am pointing out that as far as we in a cooperative are concerned, we make no profit for ourselves.

When I rose I said I would not take any more of the time of the house than was necessary. We are not going to let this bill pass in committee without questioning a number of sections, but as far as this particular stage is concerned all I have tried to make clear is that we do not agree with this legislation.

Mr. ALAN COCKERAM (York South): Speaking on the foreign exchange bill on Friday last the acting Minister of Finance (Mr. Abbott) had this to say, at page 4530 of *Hansard*:

> If we were part of the United States, of course we would not be faced with all these difficulties; we would all have the same currency. But on balance we are a debtor nation, and to a very considerable extent. If we are to retain our national integrity and the integrity of our dollar, we have to adopt appropriate measures to see that our exchange position is protected.

I can think of nothing that will protect our exchange position and protect the Canadian economy more than the encouragement of the gold mining industry of this country. During the last few days the minister may have noticed in the press that in spite of the urgency of the situation and the desire for gold on the part of the government, there has been a decrease in the production, which decrease is rapidly becoming more pronounced because of high costs of production. Since 1910, Canada has developed perhaps the most efficient mining industry in the world, with the result that much ore which ordinarily would be waste rock has become of economic value and can be treated at a profit, even though the profit be small. If this industry is to continue to play a part in the economic life of the country, the government must give some encouragement to keep Canadian gold mines in production. The acting minister and his departmental officials must know that once it is necessary to close a mine down because of the grade of the ore or because conditions do not warrant carrying on, the cost of reopening that mine is so great that few mines ever reopen.

During the depression the mining industry, as I have stated before in this house, was the one industry able to carry the country through. Again in the early days of the war, when the government wanted United States exchange rather than to go on lend-lease, they appealed

to the mining companies to increase production, which the mining companies were only too glad to do in spite of the fact that they had to pay much heavier taxes. During the last two years there has been intense activity in this country in connection with gold mining. There has been a great deal of diamond drilling, and many new prospects have been lined up for development in the days to come. A great many of these prospects are in the province of Quebec and in the northern part of Ontario. I am afraid the policy which has been announced by the minister is going to have the result that many of these prospects, because of their location, and the grade of their ore, will not be brought into production—not because the mining people have no faith in their industry, but because the expense of bringing a mine into production is so great that there must be some assurance there will be a return of the capital so invested.

The hon. member for York West (Mr. Adamson) pointed out that since the government placed our money on a parity with the United States dollar there has been fluctuation in exchange of about four per cent. It seems to me the minister and his officials are not giving the gold producers even the world price for the gold they produce. They say to the mining industry: We will be very generous with you and give you back this twenty cents an ounce which we have been overcharging you in refining charges for the last few years, but we will refrain from giving you the world price for your product.

I suggest the minister should do what his department did before the war. At that time when a mine sent its bullion to the mint it received the mean of exchange for the day on which the bullion was received at the mint, the day before and the day after. This would result in a mine receiving at least a portion of the $3.50 which was taken away from it when the government decided to place our money on a parity with that of the United States. If departmental officials have checked thoroughly into the relief they are giving, by way of either the 33⅓ per cent depletion or the $2 an ounce, they will have realized that very few mines in Canada benefit to any extent.

I would make particular reference to one mine with which I am connected, where we received back $400 a month or about $5,000 a year on account of the reduction in handling charges. The production of the mine is approximately 40,000 ounces of gold a year. This means that $140,000 is taken away from the mine at $3.50 per ounce and $5,000 is returned by way of mint charges.

[Mr. Cockeram.]

I suggest to the minister that the manner in which he explained this question of relief to the people of Canada gave the impression that the government was giving relief to extent of $2 an ounce on gold produced. The feeling has got around that the mines are being penalized only to the extent of $1.50 an ounce, whereas actually the mines are being penalized to the extent of the whole of the $3 50.

I suggest to the minister that in a near marginal mine, where costs equalled $35 per ounce prior to the reduction of $3.50 per ounce of gold, the operations now become marginal, the net profit is nil, and as a result no depletion of any kind applies. Hence the $2 an ounce alternative depletion is an empty gesture. As the hon. member for York West pointed out, in some cases it amounts only to one cent per ton of ore passing through the mill. I think it would be a tragic thing for this country, and I am sure the minister and his officials agree with me, if the industry which has meant so much to Canada in the past, and which will mean just as much in the future, is allowed to deteriorate to the point where many mines have to close up. Because as sure as we sit in this House of Commons to-day, the cycle of trade and commerce moves. Days of depression will, unfortunately arise; and when those days come the government of Canada once again will want every ounce of gold produced that the industry can possibly produce.

I believe the government should allow the base metal mines to market all their products at the world price. I see no reason why Canadian mines should be penalized as they are now. I would point out that in the early days of the war, Canadian metal mines made contracts with the British and Canadian governments to sell their total production at the price level which then existed. Those contracts the mines faithfully carried out, with the result that the British and Canadian governments saved vast sums of money at the expense of the metal mines of Canada. These prices were maintained in spite of the fact that there were tremendous increases in costs. I was glad to hear the hon. member for Cochrane (Mr. Bradette) say that the mining industry was determined to carry on, because I am positive that that is a fact. But in spite of that determination I feel sure there will be many casualties along the road, and that many mines will have to close down if the present intention of the government is carired through.

That is not the only factor. I feel that many operations will never come into existence. I know of two properties where decisions have been made to hold the development over for

another year. One has to remember that the mining industry employs many men behind the lines to keep the mines in operation. If the minister and his officials cannot see their way clear to remedy this situation to-day, then I fear that many men employed in industry throughout Canada will be put out of employment.

I appeal to the acting minister and his officials to do something forthwith to remedy this situation. Only the other day I was speaking to the president of some low-grade mines in Quebec, and he told me that he was going to attempt to carry on, but just how long he could do so under existing circumstances he did not know, because his profit, which stood around forty cents before the government decided on parity, had disappeared. Only one of his mines makes any profit to-day.

I appeal to the minister to study this whole question, and to give relief. I suggest he do what has been requested by mining associations throughout Canada—give back to the mines that fifty per cent depletion allowance, both to the operating companies and to the shareholders.

The dominion government takes tremendous taxation from the mines, and puts nothing into them. In one district of which I have knowledge, the Pickle Crow area, the dominion government has taken almost $4 million in taxes and has put nothing into the area, despite the fact that requests have been made for assistance in transportation and in other ways.

I suggest that the acting minister or his officials should have a talk with Mr. Justice Davis, the High Commissioner for Australia. In Australia they believe that gold mines should be encouraged one hundred per cent. If my information is correct, they do not tax them, although I am not making that suggestion here. I do suggest however that some assistance be given.

I should like to say something about the apparent leak to which reference was made by the hon. member for Cochrane. If one studies the graphs of the Toronto stock exchange and the Montreal stock exchange for five days prior to the minister's announcement, he will notice that on the Monday prior to the minister's statement, selling started and continued during the whole week. On the afternoon prior to the announcement, which was made at eight o'clock at night, an avalanche of selling came in. I suggest that there must have been some leak in the information. The acting minister should make an investigation to see if such was the case, and if so, disciplinary action should be taken. It would be taken anywhere else.

Mr. G. H. CASTLEDEN (Yorkton): Speaking in opposition to this bill, because of the fact that it taxes cooperatives, removing, by the repeal of section 4(p), the protection previously enjoyed by cooperatives across Canada, I want to say first that I think this is a distinct departure from Liberal policy. Ever since 1930 cooperative organizations have enjoyed that protection. The legislation which provided it was placed there, I believe, because the government at that time recognized that true cooperatives are not profit making institutions; and by subjecting them to taxation the government is attacking the basic principles upon which cooperatives are built, and the Liberal party is ranging itself alongside those who have found that their privileged position, their rights to exploit the people, are being attacked by the growth of the cooperative movement in this country.

In 1930 the cooperative movement had not become a very serious menace to monopolistic organizations. To-day, I think, cooperatives stand on the threshold of taking their proper place in the economy of the country. Wherever capitalism operates and controls an economy, big business comes to the fore and restricts supply, with the natural consequence that prices go up, profits increase, and the people who cannot afford to purchase have to go without. This is particularly true when the commodity they control is an absolute necessity, such as food, clothing, housing, medicine, health supplies, and, in the case of the farmer, machinery and oil and the other things he requires with which to make his living. Those who support the present system say, "Oh, competition will take care of that", but if you make a study of the situation you will find that the last thing that big business wants or will tolerate is competition. If a little fellow starts in business, big business will soon cut his throat, and any means that they can use will certainly go. The result has been that in self-protection the people have banded themselves into organizations which can carry on their business not to make profit for themselves but to supply their members with the services they require, about the only resource left to the common man to-day to protect himself against that exploitation is—

Mr. JACKMAN: Politics.

Mr. CASTLEDEN: —to get busy and form himself into cooperatives. The hon. member can talk about his gold; he is very well versed in that, I think, but let him leave this to me and make his speech about gold afterwards. My life has been spent out on the western

prairies. Throughout the years I have seen the farmer bring his produce into the market to sell it. At one time he used to be able to sell his cattle and hogs privately to butchers, but now he sells them to the packers. At one time, too, he brought his loads of grain to the local elevators where he had the advantage of a certain amount of competition. But gradually the control of these elevators got into the hands of fewer and fewer companies, until finally there was only one market in which the farmer could sell his produce. The big boys got control, and could charge the farmer anything they liked for handling his grain. In those days, as I well remember, the farmer might come to town and go from one elevator to the other, only to find that they were all together on the price, and he had to take whatever price they told him. Their costs of taking in grain and loading it they kept to themselves, but they charged six cents or eight cents a bushel, or whatever they wanted to charge. The farmer found it impossible to break into that market alone, and at last a few of them said, "How about a bunch of us getting together and building a loading platform at the side of the railroad?" You remember the fight these people had years ago to get the right to build loading platforms where they could load their own grain on their own cars—a course to which they were forced because the costs of handling were so tremendously high. Gradually out of these activities there grew the grain growers' organization and the wheat pools. To-day the farmers own their own elevators; they can set their own handling charges; they own their own output; they can sell their grain. Handling charges have gone down, and dockage can be better controlled. They have some say about the price; and the pool has gradually attained to a position where, as far as Saskatchewan is concerned, it handles fifty per cent of the grain grown in the province. To-day we see a fight between these cooperative organizations and the grain exchange monopolies which are opposed to the growth of these people's movements. But because of the growth of the pools the farmer has received a larger income, he has some control of his own economic destiny, he has acquired a certain measure of freedom, and the people resent very seriously anything which would curtail or destroy their opportunities to fight for their rights in a democratic way.

Some years ago I visited parts of Cape Breton Island, Nova Scotia, and talked with the lobster fishermen. They had had much the same experience. When they brought in their lobsters for sale they were told, "This is the price you are going to get." Gradually the lobster fishermen got together, subscribed a little capital, and agreed to sell and handle their own products, with the result that the price return to them increased three or four hundred per cent. That is the story of cooperation: where the people themselves have taken hold they have been able to improve their means of livelihood and raise their standards of living. In my own province the farmers built a big cooperative refinery because they objected to the prices the big boys were charging for oil. Now we see a two million dollar concern owned by the farmers and engaged in oil refining, and the price at which they are able to produce and sell to their customers and to themselves is a revelation to those who remember what they had to pay for their tractor gasoline in the days before the operation of that organization. More recently we have seen an effort made by the people to establish a factory wherein they can produce their own farm machinery and reveal the actual cost of production, since the selling price of this machinery seemed to bear no relation to the cost price, the costs of repairs and handling were exorbitant, competition was wiped out, and there was nothing they could do about it. Exactly the same principle operates when men have nothing to sell but the sweat of their brow. They cannot go individually and talk to the boss; they cannot sell to him, so they band together and form a union. What the cooperative is to the farmer the trade union is to the worker and the labouring man: it is a grouping together of the people to protect themselves and put up a fight for their rights as citizens to life, liberty and the pursuit of happiness.

There are those who try to drive a wedge between labour and the farmer and who blame labour for everything that happens. But actually the people who produce the food and the people who produce the goods, the real wealth of the country, are in principle the same. It is interesting to note that the people who fight the cooperatives are the same people who fight and oppose the trade unions, democratically operated and democratically controlled. The unions and the cooperatives give men an opportunity to have some say in the running of their own affairs. They may make mistakes. That is quite natural, because they are only human. Nevertheless they represent the effort of the common people to advance themselves and overcome obstacles that appear almost insurmountable. After years of toil they have built up these organizations,

and now the government says to the cooperatives: You are to declare three per cent of your capital investment on which you are liable for taxation. It is on that principle that we oppose the whole bill, because of what it contains with regard to the cooperatives, and we are opposed to it all the way through.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, there was a point made by the hon. member who has just taken his seat (Mr. Castleden) on which I should like to say a few words. The suggestion was made that the Liberal party is aligning itself on the side of those who are in favour of big business, capitalism and so on, as opposed to the interests of the great masses of the people, and particularly the farmer. This bald statement was followed by the suggestion that some body formed the cooperatives without indicating in any way whatsoever just who was responsible for the formation of the cooperatives which have been spoken of during the last few moments.

There is some advantage in being young. Some of us realize that. But when one who is much younger speaks from memory perhaps he may be excused for his memory not being quite long enough. It is true that we have the largest cooperatives in the dominion operating in the province of Saskatchewan and handling more than fifty per cent of the grain produced in that province. But when my hon. friend gets up and tries to give credit to anyone other than the Liberal party for the establishment and development of the cooperatives, he is assuming something which history does not bear out.

Mr. CASTLEDEN: On a point of privilege, Mr. Speaker—

Mr. GARDINER: You have made your speech. Let me make mine. It is nearly one o'clock.

Mr. CASTLEDEN: On a point of privilege, Mr. Speaker, I did not imply anything about the Liberal party. It was the people themselves that built up these cooperatives.

Mr. GARDINER: There is no point of privilege in that. I will indicate who was responsible for the development.

Back in 1906 the first cooperative branch of any department of government in Canada, so far as I am aware, was established in Saskatchewan, and one has only to look at the record to know which government was in power at that time. The minister who established that branch to deal with cooperatives in the Department of Agriculture in the province of Saskatchewan afterwards became minister of agriculture in the federal government, but while he was minister of agriculture in Saskatchewan he appointed Mr. Booth as the head of the cooperative organization in Saskatchewan. Mr. Booth was afterwards taken to Washington by the United States government to take part in the development of cooperatives there. Then when Mr. Motherwell became minister of agriculture at Ottawa he brought Mr. Booth back and placed him at the head of the agricultural economics division of the Department of Agriculture for the dominion to deal with cooperatives.

Back in the early days there were other advocates of state socialism besides those who now call themselves the C.C.F. party. The grain growers of Saskatchewan and Manitoba in 1908 advocated government ownership of elevators. The Conservative party in the province of Manitoba advocated government ownership of elevators. The Liberal party in the province of Saskatchewan said that both the Conservative party and the farm organizations were wrong. They said that the proper way to meet the situation described by the member for Yorkton (Mr. Castleden), presented by the big organization of elevator companies, was for the farmers themselves to organize their own cooperatives. That question was battled out on the floor of the grain growers' association as far back as 1908, 1909 and 1910, and in 1911 the Saskatchewan legislature passed an act establishing cooperative elevators. That was done by a Liberal government in Saskatchewan. It was not the farmers who advocated establishment of the cooperatives in Saskatchewan. It was the Liberal party, in battle with the farm organization.

Mr. CASTLEDEN: Why do you try to kill them now?

Mr. GARDINER: My hon. friend says, why do we try to kill them? We are not trying to kill them. The Liberal party in the province of Saskatchewan at that time established those cooperatives. Those cooperatives were afterwards turned into what to-day is known as the pool elevator company. I myself was premier of Saskatchewan at the time this took place, and as my hon. friend knows, I went out into the province at the time and supported the organization of the pool. I not only did that, but opposed those previously connected with the old organization selling the shares of the farmers to their own advantage. As a result of that I met with considerable opposition from some of those who had been previously in that organization. All that is a matter of history.

In Saskatchewan to-day we have great cooperatives, not because anyone else took the initiative but because the Liberal party of

that day in Saskatchewan took the initiative and established the cooperatives there.

Now I come to the question of taxation. My hon. friend has said there was something done back in 1930. Who was here in 1930 when that was done?

Mr. CASTLEDEN: Mr. Dunning.

Mr. GARDINER: Yes, and something was also done in the late thirties. Who was here at that time? Again Mr. Dunning. Mr. Dunning was a Liberal. He was a past premier of Saskatchewan, in which these cooperatives had been established. He was the first manager of the Cooperative Elevator company in Saskatchewan. The whole history of cooperatives is written around Liberalism and members of the Liberal party.

The suggestion is made that there is something wrong with the present legislation. That goes back to the fact that a commission was established to inquire into the cooperatives, and one of the most important members of that commission was the deputy minister who is in charge of cooperatives in Saskatchewan to-day under the C.C.F. government there. The matters complained of by some members of the house were unanimously recommended by that commission. On some of the points raised here there was a unanimous report by the commission, which included the support of the gentleman who is deputy minister in charge of cooperatives in Saskatchewan now, and who I admit was trained under the Liberals during the time they were in power in Saskatchewan. But he was still retained by the C.C.F. government as one of the best informed and most active promoters of cooperatives in the Dominion of Canada. On that commission he recommended some of the very things that are being opposed by the members of the C.C.F. here to-day. The recommendations of that commission were taken largely as they were presented to the government, and presented to the house. But the house is not being asked to accept them holus-bolus as presented. Changes have been made as a result of the discussions that have taken place here and throughout the country.

All I wish to say now is that the whole record indicates that the real founders of the cooperative movement in the Dominion of Canada were the members of the Liberal party. Their policies have been behind the cooperative movement; they are still behind it, and when this legislation gets through it will have the support of the very people who my friends of the C.C.F. party are trying to lead us to believe are opposed to it in the province of Saskatchewan.

At one o'clock the house took recess.

[Mr. Gardiner.]

The house resumed at three o'clock.

Mr. WILLIAM IRVINE (Cariboo): Mr. Speaker, I recognize we are all anxious to further the business of the house and bring the session to an end as speedily as possible; nevertheless I feel it is important for me to follow up the remarks of the member for Swift Current (Mr. Bentley) and the member for Yorkton (Mr. Castleden) in their protests against the provisions of the bill now before parliament for the taxation of cooperatives.

I do not believe that the government can feel happy about the sections of the bill providing for taxation of cooperatives, but however much we may censure it for having brought this legislation in, I want to express gratitude for the modifications of the original intentions as they were expressed in the budget resolutions. Still, these modifications are not enough. The fact is that cooperatives are still being taxed.

Just before the house rose, the Minister of Agriculture (Mr. Gardiner) endeavoured to persuade parliament that the cooperative movement in Canada had been built by the Liberal party. I do not feel like arguing that point at present, because there are other things more important to talk about, but I would say that perhaps no movement in the history of this country has been so free from any source of political partisanship as the cooperative movement. The cooperative movement, in Canada as in other countries, was born out of the economic necessity of the common people. It was an effort to supplement their meagre incomes or at least to extend them so that they could buy more goods. That was the primary moving force of the cooperative movement, and if the Liberal party can claim any credit for the building of the cooperatives in Canada it must be because that economic need which forced the common people to work together for ameliorative action was more intense under the Liberal government than under any other. If that is the reasoning of the Minister of Agriculture, then of course there is no argument about it; we will allow him to go off with the prize in that connection. But if the Liberal party is the father of the cooperative movement, it is hard for us to understand why it should now wish to kill the child which so far is has nurtured. This legislation, harmless as it may appear to some, and almost insignificant in its understandable declaration, definitely points in the direction of the destruction of the cooperative movement.

I wish to register my objections to the sections of this bill which provide for the

taxation of cooperatives, and I shall mention each particular feature and make a brief comment upon it.

I object to this measure in the first place because it does not define a cooperative, and, failing to define a cooperative, the legislation proceeds to twist the cooperative movement into the distinctive features of a capitalist and profit-seeking movement in order that it may be taxable. That is the actual situation as I see it; for the bill under discussion provides for the taxation of income and profits; since there are no profits in a cooperative it cannot be taxed, and if "cooperative" had been properly defined, that definition would have brought the cooperatives outside the bounds of the taxation scheme of the budget. This being the situation, no attempt is made to define cooperatives at all, but an attempt is made to compel cooperatives to adopt certain definite characteristics of a private profit-making institution in order to bring the movement within the ambit of the taxation scheme. That is the first thing I object to.

The second objection is that the twelve months within which all patronage devidends which have not been paid out to the customers will become taxable is not a great improvement on six months; for it is obvious that any cooperative might very well desire to have much longer use of its unpaid patronage dividends than that, and the necessity might be so great, in the development of the movement and even for the protection of the institution itself, that the use of such patronage dividends might be imperative. But if this legislation passes it will have to be paid out within the twelve months or else become taxable, and that is equivalent of course to taxing the capital of the organization and not income at all.

All the tax which may be imposed under this measure is in my view a tax on capital, because all the so-called income of cooperatives which may be taxable is composed of patronage dividends which in the first place have come out of the pockets of the people in whose name those patronage dividends stand and are therefore not taxable in the real sense of the word. But if they are left in and used in the operations of the business they become capital, and if they are left in for over twelve months they become taxable. Therefore this is taxation of capital and not taxation of profits of any cooperative.

I object to the measure also because, while it provides that new cooperatives shall not be taxed for three years, it makes no provision for cooperatives which may have been organized six months ago, one year ago, eighteen months ago or two years ago. They will be immediately taxable when this bill becomes law; therefore they do not get the three years, and the taxation of such small cooperatives might be crushing to them at this stage of their development.

I object to the retaining or the compulsion to retain an amount equal to three per cent of the working capital. This is the basis of the taxation scheme. This is the principle by which cooperatives are compelled to assume the characteristics of an ordinary private enterprise seeking profit as an objective. This is the means by which cooperatives are being forced to assume the characteristics of a capitalist institution in order that the government may be justified in imposing taxes upon them. These are the main points which I and my associates object to in this legislation.

I should like to say that I appreciate the fact that the government has been under tremendous pressure from the private interests of the country which feel that they cannot do business as economically and give the same service to the public as the cooperatives. They are not prepared to meet the competition of cooperatives. They feel that if cooperation keeps on developing and becomes federated to carry on the business of the people on a non-profit basis, ultimately it will be a decided challenge to some of the greatest industries or the greatest businesses of Canada. That is a possibility. The private interests have seen that possibility, and perhaps never before has there been so extensive and expensive campaigning to influence the government and parliament to interfere with the development of cooperatives and to lay hands upon it in such a way as to retard its growth. I have never seen such a campaign in my memory.

I understand that the government has been under great pressure, and as I said at the beginning, I feel that the government is not happy about the legislation. It has tried to tax cooperatives without taxing them; it has tried to please the other side by imposing taxation on cooperatives, and therefore there is a dilemma. In the last analysis it has turned out that the government apparently could not draw all the sections without some teeth in them, and there are teeth in them. Such teeth as are there will tend to bite off the head of the cooperatives. If it is not enough this year, they will add a little more next year, and the year following a little more still, until eventually they will limit the operation of the cooperatives and ultimately destroy the movement.

Therefore I would appeal first of all to the hon. gentleman who claims that his party is the father of the cooperative movement in

Canada, the Minister of Agriculture. I do not believe he is happy about this. His defence of the Liberal party in this connection indicated that he knew that the government was being censured by the cooperatives for this action, and that he did not like it. Perhaps he was not in a position to stand up and tell the government of which he is a member that he opposes this legislation. I hope that in his heart he does oppose it. I hope he will use his influence with the government, even at this late hour, to have these sections which attack the cooperatives deleted from the bill.

Once more I appeal to the Acting Minister of Finance to hear the plea of those on all sides of the house who object to interfering with the development of the cooperative movement. I hope that before the bill leaves the committee the sections will be voluntarily deleted by the minister himself.

Mr. VICTOR QUELCH (Acadia): Mr. Speaker I just wish to say that the members of this group are opposed to the principle of the bill because we regard the underlying principle as being that governments must be dependent upon taxation for their revenue. We have always maintained that the real purpose of taxation should be to remove redundant purchasing power from circulation —that is, that portion of the purchasing power of the people which may create an effective demand against production in excess of the ability of industry to satisfy it. Furthermore, we feel that the purpose of taxation should be to bring about a fairer distribution of the production of the country until such time as production has expanded to meet the needs of the people. To the extent that that type of taxation fails to meet government expenditures, we believe that the government should use national money. Until we do that, we can take it for granted that in the future the national debt will continue to expand as it has in the past, and also that our debt charges will expand, thereby requiring an increase in taxation to meet them, resulting of course in still greater discontent amongst the workers of the country, thereby bringing about a reduction in or a retarding of production.

Hon. members on the government side and in other parts of the house are continually warning of the danger of socialism, communism and every other form of "ism." But I should like to point out that so long as the government continues in the future as they have in the past to use a deflationary policy we are breeding a condition that brings about communism and socialism.

I should also like to suggest to the government that they might very well take heed of the suggestion of the national resources planning board of the United States. I quote from page 105 of a book entitled "Where's the Money Coming From?" by Mr. Stuart Chase, who has this to say:

> If the government borrowed solely from its own central bank without interest, there need be no interest burden at all. There would be amortization of the principal, and the fundamental prohibition not to pump too many new dollars into the system would still stand. The national resources planning board has said: "Should the day arrive when the carrying charge on the federal debt becomes oppressive, serious thought should be given to the creation by our modern banking and treasury institutions of non-interest-bearing debt.

I hope the government will not wait until the situation becomes so chronic that our production will have already started to fall and unemployment will have started to increase. The war is over, and no longer is it necessary for fifty per cent of our production to go for the purposes of war. Therefore it is only natural that the people of the country should have expected to find in the budget a substantial reduction in income tax of people in the low income brackets. They also expected that exemptions for the people in the low income brackets would be raised in the year 1946. Unfortunately, as we now know, that is not the case; there will be no alleviation until 1947, and then it will be far less than the people had anticipated.

On this question of cooperatives I should like to say that I agree entirely with the comment of the hon. member for Swift Current, that the wording of various clauses is vague and ambiguous. Certainly I am not going to insult the intelligence of those responsible for drafting these measures by suggesting that they could not clarify them. I believe the confusion which exists in this bill is deliberate, because it makes it so much easier for a number of different interpretations to be made.

Mr. ABBOTT: Oh, it is not deliberate.

Mr. QUELCH: Well, I certainly cannot believe that the Department of Finance is so lacking in men of ability that they could not draft something a great deal clearer than we find in this bill. Even lawyers disagree as to what it really means.

Mr. ABBOTT: This was drafted by the Department of Justice, the Department of Finance, the Department of National Revenue and to some extent by your humble servant.

Mr. QUELCH: And the result is confusion. As I say, I am not going to insult the various departments by suggesting that they could not have clarified the situation to a greater extent than they have done. So naturally we feel that the intent is to curtail the growth of cooperatives in this country.

Mr. ABBOTT: Just the reverse.

Mr. QUELCH: The hon. member for Swift Current reminds me that the acting minister said the department was not run by experts, but I think even a layman could have drafted something with a great deal more clarity than we find in these clauses.

I should like to place before this house the definite stand of this group in regard to co-operatives. Our definite stand is that there should be no taxation on cooperatives except on patronage dividends of non-members that are not distributed; and provided that patronage dividends are only withheld by cooperatives with the consent of their members. I cannot see any possible justification for the provision in this bill which places a tax upon an amount of capital equivalent to three per cent. I am not going to deal further with that point now; I shall wait until the bill reaches the committee stage.

This morning several hon. members commented upon the need for expansion of production by the gold mines of this country. During the war the members of this group consistently attacked the production of gold in war time, because we felt that production of that sort was bound to impede our war effort. We needed production elsewhere, and we required all the labour and all the materials that could be made available. Therefore we felt that using labour and materials for the production of gold was not helping the war effort at all. To-day of course the situation is somewhat different, but nevertheless throughout the world there is a great shortage of food, clothing, and housing, and I fail to see how the production of gold can help in any shape or form to alleviate that sort of want. However, I would agree that so long as other nations are willing and perhaps anxious to give us $35 worth of goods for an ounce of gold there is a good argument for continuing the production of gold; but on the other hand I do not think there is any justification whatsoever for subsidizing the production of gold for export by low grade ore mines, any more than there would be justification for subsidizing other kinds of production that was uneconomic. As long as our labour and capital can be utilized for production that will bring more wealth to the country, low grade mines should not be subsidized.

I am not going to say more at this stage, but we shall have a few words to say on various sections of the bill when we get into committee.

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, I wish to make a very few observations on the topic discussed this morning by the hon. member for York West (Mr. Adamson), the hon. member for Cochrane (Mr. Bradette) and the hon. member for York South (Mr. Cockeram); that is, the gold industry.

Notwithstanding the remarks made by the hon. gentleman who has just resumed his seat (Mr. Quelch)—and indeed to some extent he conceded this—I think there is general agreement in the house as to the importance of the industry. As the last speaker said, whether or not you approve the whole underlying principle, nevertheless at the present time we do get valuable goods and services from other people for every ounce of gold we produce. Belief in gold is deep rooted in human nature, and has been for many centuries. It is not going to disappear overnight. I think everyone in the house will agree that in the last few years the gold industry has been, you might almost say, a cornerstone of our economy, and has come to the assistance of that economy in times when it was very greatly in need of that assistance.

The next point I want to make is that I think we will all agree, as I believe the Minister of Finance (Mr. Ilsley) himself agreed when he made the statement, that the change to parity did in fact greatly embarrass the gold industry. I am not going to make any comment on that, other than to indicate the fact, on which every one agrees; and the best proof of that lies in the action of the government itself coming along and endeavouring to give assistance to the industry so that it could continue to provide employment, continue to bring to this country valuable goods and services in return for the export of the gold. As I say, the government came forward with this measure. I think there will be wide agreement that it was a wise step to take; but the question which now arises and which I think is in the minds of everyone is whether or not that relief was well conceived. When I heard the figures read in this house by the Acting Minister of Finance I was not sufficiently familiar with the situation to appreciate whether or not the assistance was practical; but as I listened this morning to the figures given by the hon. member for York West, prepared by the Ontario Mining association, if I remember aright, a serious body, figures which have not been questioned in any way, they seemed to me in the highest degree trivial. I thought the hon. member was fully warranted in asking whether or not they indicated a really serious desire on the part of the government to assist the industry. The hon. member for York West said it was a gesture. Well, Mr. Speaker

it seems to me I would be well within the limits of the truth in saying that if it was a gesture it was not even a polite gesture; and I am sure if I attempted to illustrate the kind of gesture I think it really was you would rebuke me sharply and say I was insulting the dignity and decorum of this house.

Finally, it seemed to me the hon. member for York West did indicate a reasonable, practical and proved method of increasing this assistance, and I see no reason why assistance on the lines he recommended would not be reasonable. As I say, it has been tested by practice and experience. There is only one thing further I want to say. I am sure we all realize that this is a serious matter. I realized it more than ever the other day, when I heard a man from the north country, a man who I think knew fully what he was talking about, remark to another man in the mining industry that if things continue as they are now that northern mining country, which depends on gold, will be a desert within ten years. I am not asking the house to accept that statement. Predictions are often made which are exaggerated, and there may be other adjustments that can be made under which the industry will be able to continue. Nevertheless I think there is a measure of agreement on this, that it is an important matter, and the government has given an indication that it regards it as an important matter by actually proffering a measure of assistance, though if the figures which have been given are corect, and they have not been challenged, that assistance is of a trivial nature. So I am suggesting to the minister that the government might very well review its decision to see whether, instead of this trivial gesture, it cannot come forward with a really substantial measure of help.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion? Carried. Second reading of this bill.

Some hon. MEMBERS: No.

Mr. FAIR: Mr. Speaker, before you leave the chair, this motion was not carried. There are a number of us here who were not satisfied with it. We protest against it, and want the question for and against placed before the house. The question was not put.

Mr. SPEAKER: I did not understand what the hon. member has said.

Mr. FAIR: I just wish to have the question put, whether or not it is carried—those in favour, and those against. That has not been done.

[Mr. Macdonnell.]

Mr. SPEAKER: I must say to the hon. member that I put the question as usual, and as no hon. member rose I said that it carried.

Mr. CASTLEDEN: I was on my feet at the time, objecting to it.

Mr. SPEAKER: Carried on division.

Mr. FAIR: No; question.

Some hon. MEMBERS: Question.

Mr. FAIR: You asked for those in favour, but not against. There are plenty of us on this side of the house who oppose it. We want to make that clear.

Mr. SPEAKER: I put the motion before the house and asked if it was the pleasure of the house to adopt the motion.

Mr. FAIR: And we said, no.

Mr. SPEAKER: I must repeat what I have said to the hon. member, that I did ask if it was the pleasure of the house to adopt the motion.

An hon. MEMBER: And we said, no.

Mr. SPEAKER: I did not see any member on his feet, and I did not hear any member asking to speak, so I said, "Adopté, carried." That is the proper procedure. Now the other motion before the house is that the speaker do leave the chair for the house to resolve itself into committee of the whole. That motion is not yet carried.

Mr. CASTLEDEN: With all due deference, Mr. Speaker, I wish to point out that when Your Honour said, "Is the motion carried", at least two members in this corner were on their feet, and said, no.

Mr. CASSELMAN: Two is not enough.

Mr. CASTLEDEN: They were on their feet. We wish to voice our objection to second reading, but no notice has been taken of the fact that we are objecting to it. Your Honour did not look in this corner to see whether we objected. You just said, "Those in favour; carried; adopté", and it was passed that way.

Mr. SPEAKER: I cannot permit any more discussion on it.

Mr. QUELCH: You never called for the yeas and nays. If you had called for the yeas and nays we would then have stood. We have a right to have the yeas and nays called.

Mr. SPEAKER: Order. I will not permit any confusion in the house.

Mr. QUELCH: There is confusion.

Mr. SPEAKER: It is not necessary to call for the yeas and nays unless some member says, no.

Mr. QUELCH: We said, no.

Mr. SPEAKER: When I put the motion before the house I heard no protest.

An hon. MEMBER: Many of us said, no.

Mr. SPEAKER: Mr. Abbott moves, seconded by Mr. McCann, that I do now leave the chair for the house to resolve itself into committee of the whole. Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: No.

Some hon. MEMBERS: Carried.

The house divided on the motion (Mr. Abbott) which was agreed to on the following division:

YEAS

Messrs:

Arsenault	Lafontaine
Baker	Langlois
Beaudoin	Lapointe
Belzile	Lesage
Benidickson	McCann
Bertrand (Laurier)	McCubbin
Bertrand (Prescott)	McCulloch (Pictou)
Bertrand (Terrebonne)	Macdonald (Brantford City)
Boivin	
Bonnier	Macdonald (Halifax)
Bourget	McDonald (Parry Sound)
Bradette	
Brown	McIlraith
Chevrier	McIvor
Cleaver	Mackenzie
Coté (Matapedia-Matane)	MacKinnon
	MacLean
Coté (Verdun)	Marier
Croll	Marquis
Cruickshank	Martin
Dechene	Matthews (Brandon)
Denis	Maybank
Dion (Lake St. John-Roberval)	Mayhew
	Mitchell
Eudes	Mullins
Farquhar	Mutch
Fournier (Hull)	Parent
Fournier (Maisonneuve-Rosemont)	Pinard
	Power
Gardiner	Raymond (Wright)
Gauthier (Nipissing)	Reid
Gauthier (Portneuf)	Richard (Gloucester)
Gibson (Comox-Alberni)	Richard (Ottawa East)
Gibson (Hamilton West)	Rinfret
	Robinson (Simcoe East)
Gladstone	St. Laurent
Glen	Sinclair (Vancouver North)
Golding	
Gour (Russell)	Sinnott
Gourd (Chapleau)	Stuart (Charlotte)
Grant	Viau
Harris (Grey-Bruce)	Warren
Howe	Weir
Isnor	Whitman
Jutras	Winters—84.
Kirk	

NAYS

Messrs:

Archibald	Lockhart
Argue	Low
Bentley	McCuaig
Blackmore	McCullough (Assiniboia)
Blair	
Boucher	Macdonnell (Muskoka-Ontario)
Bowerman	
Bradshaw	MacInnis
Bryce	McKay
Burton	MacNicol
Campbell	Manross
Casselman	Marshall
Castleden	Menary
Church	Merritt
Coldwell	Murphy
Daniel	Nicholson
Diefenbaker	Probe
Fair	Quelch
Fleming	Robinson (Bruce)
Fraser	Ross (Souris)
Hamel	Rowe
Hansell	Shaw
Harkness	Skey
Henderson	Smith (Calgary West)
Herridge	Stewart (Winnipeg North)
Hlynka	
Irvine	Stirling
Jaenicke	Stokes
Jaques	Thatcher
Johnston	White (Middlesex East)
Kidd	
Knight	Wright
Knowles	Wylie
Kuhl	Zaplitny—64.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Black (Chateauguay-Huntingdon)	Cardiff
Blanchette	Lennard
Brunelle	McMaster
Clark	Desmond
Jean	Homuth
Michaud	Ferguson
Pouliot	Ashby
Ross (Hamilton East)	Cockeram
Laurendeau	Raymond (Beauharnois-Laprairie)
Emmerson	Black (Cumberland)
Douglas	McLure
Gariépy	Hatfield
Lapalme	Héon
Sinclair (Ontario)	Stephenson

Mr. LALONDE: I was paired with the hon. member for Royal (Mr. Brooks). Had I voted I would have voted for the motion.

Mr. BREITHAUPT: I was paired with the hon. member for Danforth (Mr. Harris). Had I voted I would have voted for the motion.

Mr. ABBOTT: I was paired with the hon. member for Stanstead (Mr. Hackett). Had I voted I would have voted for the motion.

Mr. TREMBLAY: I was paired with the hon. member for Vancouver South (Mr.

Green). Had I voted I would have voted for the motion.

Mr. SMITH (York North): I was paired with the hon. member for Victoria-Ontario (Mr. Hodgson). Had I voted I would have voted for the motion.

Mr. MALONEY: I was paired with the hon. member for Northumberland, Ont. (Mr. Drope). Had I voted I would have voted for the motion.

Mr. NIXON: I was paired with the hon. member for York East (Mr. McGregor). Had I voted I would have voted for the motion.

Mr. LEGER: I was paired with the hon. member for Haldimand (Mr. Senn). Had I voted I would have voted for the motion.

Mr. HEALY: I was paired with the hon. member for Brant (Mr. Charlton). Had I voted I would have voted for the motion.

Mr. BRACKEN: I was paired with the right hon. the Prime Minister (Mr. Mackenzie King). Had I voted I would have voted against the motion.

Mr. ADAMSON: I was paired with the hon. member for St. James (Mr. Beaudry). Had I voted I would have voted against the motion.

Mr. ROSS (St. Paul's): I was paired with the hon. member for York-Sunbury (Mr. Bridges). Had I voted I would have voted against the motion.

Mr. JACKMAN: I was paired with the hon. member for Bellechasse (Mr. Picard). Had I voted I would have voted against the motion.

Mr. TUSTIN: I was paired with the Minister of National Health and Welfare (Mr. Claxton). Had I voted I would have voted against the motion.

Mr. GILLIS: I was paired with the hon. member for Inverness-Richmond (Mr. McGarry). Had I voted I would have voted against the motion.

Mr. GRAYDON: I was paired with the Minister of Finance (Mr. Ilsley). Had I voted I would have voted against the motion.

The house went into committee, on the bill, Mr. Macdonald (Brantford City) in the chair.

Section 1 agreed to.

On section 2—Superannuation or pension fund payments.

Mr. DIEFENBAKER: Will section 2, paragraph (a) of (4) mean that the extra $2,000 paid to members of the senate will not be considered as taxable income? As it is worded, and apparently this was drafted by the law officers of the crown, by Justice and Finance, with the Acting Minister of Finance participating in the drafting—

Mr. ABBOTT: Only to a very minor extent.

Mr. DIEFENBAKER: Nevertheless, only to a minor extent would be most material. As this is worded I submit that it would have the effect of actually repealing the legislation passed at the last session.

Mr. ABBOTT: I am informed that the legislation which we passed last session—I have not the act before me—stated in express terms that the amount received by members of the senate would be considered as income and therefore would be subject to tax. This section will not have the effect of making it tax exempt.

Mr. DIEFENBAKER: I should like to think that that actually is the effect. Lawyers disagree on occasions.

Mr. ABBOTT: This is not new law. It is just reenacting paragraph (a). The new part is paragraph (b).

Mr. DIEFENBAKER: I appreciate that. Nevertheless this is being reenacted and will become the law as of this date.

Mr. ABBOTT: Will continue to be the law. We are reenacting the whole section. We could have left it alone and simply enacted paragraph (b).

Mr. DIEFENBAKER: The fact remains that, from this date on, this section will be an amendment as of 1946. If it were being enacted now for the first time I submit that the effect would be, regardless of anything appearing in the act passed in 1945 at the time of the increase in indemnities, that the amount of $2,000 would be free from tax. Subsection 9 on page 2 of the bill says:

> Where an elected member of a provincial legislative assembly is, under an act of the provincial legislature, paid an allowance for expenses incidental to the discharge of his duties as a member—

We are going to have a very strange position of affairs in this country under these two sections. I am not at the moment a protagonist of the senate, if I may refer to it as such, but I am advancing the argument that we are placing its members in a very invidious position. They to-day are discharging responsibilities with unusual ability.

Mr. MACKENZIE: That is quite true.

Mr. DIEFENBAKER: Some of my hon. friends to my left laugh. The members of the senate did a great job for Canada with its committee on taxation.

Mr. MACKENZIE: In several other directions too. The hon. gentleman's statement is quite true.

Mr. DIEFENBAKER: They are staying here long periods of time now and are denied any expenses, and they are the only legislative body in Canada that will be placed in that position. I simply want to know whether, by the provisions of 4 (a) the effect is in fact that the extra $2,000 is not subject to taxation.

Mr. ABBOTT: I am advised that the effect of reenacting this section, which is as it now stands in the law, will not be to exempt from taxation the additional $2,000 paid to members of the senate in virtue of the legislation passed last year. I have sent for the statute, and in the meanwhile that is my advice.

Mr. MacNICOL: Will the indemnities of members of the legislative council of Quebec be exempt from taxation?

Mr. ABBOTT: My hon. friend will notice that the word is "elected", an elected member of a provincial legislature. They will not be exempt.

Mr. JACKMAN: Is this section based on resolution No. 27?

Mr. ABBOTT: It is based on several resolutions.

Mr. JACKMAN: Was there not in the resolution an alternative that a person who left employment and received a lump sum could have that lump sum taxed at the rate of taxation for the last year?

Mr. ABBOTT: That is correct. There are several sections in the bill which relate to that resolution covering lump sum payments. They are included here in the order in which the different sections appear in the bill, and the hon. member will see, as we go through the bill clause by clause, that all the various cases are covered. In this section the proviso to paragraph (c) of subsection 1 is incidental to one of these amendments respecting lump sum payments.

Mr. JACKMAN: So that in some subsequent section I shall find that part of the resolution which provided that a man receiving money could elect to be taxed at the rate of taxation of the last year.

Mr. ABBOTT: My hon. friend is correct.

Mr. DIEFENBAKER: With reference to subsection 6 of section 3 being repealed and the following being substituted therefor: "Where the minister is satisfied that a single payment" and so on, and again with reference to subsection 8 of section 3, am I correct in saying that there can be no reversal by the appeal board of any decision made by the minister to whom the application is made under these sections? If I am correct in that, and I think I am, having regard to section 69(e) I wish to raise this point. One of the recommendations of the senate committee was that decisions made by the minister, in other words discretionary decisions, should be subject to appeal. I am going to deal with that when I come to the section in question. I feel that even at this stage some mention should be made of the power that rests in the minister under a provision such as this. I will not refer to the evidence that was taken or to the recommendations of the senate, but this and other sections run counter to the recommendation of the senate committee, which was that there should be a board of taxation appeals with power to review all matters of assessment and all matters of fact and of law. The evidence taken before that committee was representative of more than twenty organizations across the country, and there was no objection. I know that in my own province of Saskatchewan farmers are approached by inspectors. The farmers have not kept books, and an arbitrary fixation is made against which they have no appeal—a decision of some office holder, made without regard to law or fact. When this matter was before the senate committee there was only one person who objected, and that was Mr. Fraser Elliott, who said that there should be no appeal on discretionary matters. In the senate report the statement is made that Mr. Elliott made a recommendation that there be no appeal, and that was contrary to every other recommendation that had been made.

In my opinion the granting of discretionary powers to the minister, and allowing him to determine, without regard to law or fact, but relying on his own conception of justice, what persons shall come within the purview of subsection 6 of section 3 or subsection 8 of section 3, is a dangerous principle for parliament to reenact. I should like to hear from the minister what justification there is for taking away from the courts or from the board of appeals the right to decide this matter on the law and the facts, on appeal from a decision made by some office holder or the discretionary order of the minister, which after all is the order of the officials. This is just one more example of a trend which is greatly accelerating. After all, the senate is an integral part of parliament, representing all parts of Canada. They heard the evidence of many groups across

the country and decided to recommend a certain course of action. That course was not followed because of the fact that what can almost be said to be a hierarchy of civil servants outside are able to determine what is good for the people, regardless of the views of parliament.

Some may say that that is not the position. While I may not refer to another debate of the present session, I may say that when veterans affairs were under discussion, as is reported at page 4483 of *Hansard* of August 8, the parliamentary assistant to the minister, explaining why the unanimous recommendation of the committee on veterans affairs had not been followed, said that two officials of his department thought that they knew more than a committee of parliament, and the government followed the recommendation of the two civil servants rather than the unanimous recommendation of the committee.

Mr. JACKMAN: Shocking.

Mr. DIEFENBAKER: At this stage I should like to hear from the minister what is the view of the government with regard to the recommendation that there should be a right of appeal in respect of ministerial decisions. Why is this great power still to be vested in the minister, subject to no appeal even to the board of tax appeals? After all, while on the face of it the right of appeal is being granted, it means very little, because approximately eighty per cent of all the decisions made by the income tax department will be and are construed as discretionary matters. Fearing that someone may consider that in taking this view I am partisan I need only refer the minister to an editorial in the Winnipeg *Free Press* of August 9, where the whole question of discretionary powers is reviewed under the heading "Discretion Unlimited." The editorial goes on to say:

> After the approval of its budget in parliament the Canadian government presumably will proceed without delay to set up two new taxing boards which are designed to assure a larger measure of justice for the taxpayer. These boards should improve our existing taxation system but, on analysis, their powers fall far short of what our taxpayer deserves. Though they are based on the recent studies of a senate committee they fail to carry out the committee's report at its most vital point.

Then further on:

> The most important principle of the senate report—the power of the appeal board to consider how tax officials use their discretion and to revoke their discretionary decisions—is thus destroyed by the government's plan.

No matter what the walk of life may be, taxpayers in every section of this dominion have found themselves subject to orders based on the discretionary principle and denied the right of appeal. I suggest to the minister that if we are to remake the War Income Tax Act, which apparently is the intention, having regard to the number of amendments that are brought down, something more than a brief explanation is due to the committee as to why these discretionary powers are to be perpetuated. In excepting some twenty per cent of the cases, the decision of office holders in the civil service or of the minister by way of final appeal in all discretionary matters will still continue to be supreme.

I would ask the minister to make a statement in the matter, because it is one which deserves the serious attention of the committee and is of interest to people all over the country.

Mr. ABBOTT: I shall be very glad to do that. I had assumed that we should have a considerable discussion on the matter of the exercise of discretionary powers when we were dealing with the sections relating to the appellate board and the advisory board. I really think it might be more convenient to the committee if we did it then.

As my hon. friend appreciates as well as or better than most other hon. members of the committee, these numerous discretionary powers fall under various heads. Some are the exercise of powers with respect to the refusal to grant exemptions or allowances, as was pointed out in the senate committee report. Others involve administrative or punitive powers. Some involve constituting the minister a judge of reasonableness or equity, and so on. When we reach these sections I shall be prepared to discuss the various categories in some detail and give the reasons why it was felt that most of these discretions should be reviewed by the advisory board rather than the appeal board.

As my hon. friend appreciates, this section is in effect the reenactment of an existing section with the following words added: "between the first day of January and the 27th day of June." The discretion which is contained in this section is not a new one conferred by this amending bill. The subsection is the reenacting of an existing one with the addition of certain words. Therefore unless my hon. friend insists, I should prefer to deal with them when we are dealing with the sections relating to the appeal board and the advisory board.

Mr. DIEFENBAKER: I bring it up now because all the way along until we get to section 69 we shall be enacting discretionary powers. Finally when we come to section 69 we shall have established all these matters,

and then we shall discuss the why and the wherefore.

Mr. ABBOTT: So far as I know we are not establishing by this bill many new discretionary powers. We are reenacting sections. There may be one or two which are necessary, but I think I am safe in saying there are not many more than that. The new powers which we would have to consider are the ones which have been in the act or added to the act over a period of years. I should prefer to discuss them when we are discussing the details of these provisions.

Mr. McMASTER: Is the minister willing to add a clause to the effect that the discretion of the minister is appealable? As I understand it, in the past the discretion has been a little broader, and the exchequer court has refused to interfere with it. We are setting up two appellate divisions, and if there were an appeal from the minister's discretion I think we would all be satisfied.

Mr. ABBOTT: I am sure some people would be satisfied, but that strikes at the principle of ministerial discretion and responsibility. In Great Britain, where the same principle of conferring ministerial discretion is followed, there is an appeal to the courts, but the courts have always dealt with it in this way, that if the discretion, as I have said several times before in the house, has been exercised in a bona fide way they do not review the exercise of that discretion. In its very nature it implies the exercise of judgment on the part of someone; that is what discretion means. It is an opinion. I shall discuss some of these reasons a little more fully when we get to the advisory board sections, but my hon. friend's suggestion strikes at the very root of the granting of ministerial discretion. It is easy to talk in broad general terms about the undesirability of conferring discretionary powers under an act of this kind, but I say to this committee that from a practical point of view it is impossible to draft a workable income tax act of this kind without putting in such discretions, and that it is impracticable to give an appeal to the courts from the exercise of such discretion. That responsibility must be assumed by the minister of the crown upon whom parliament confers it, and for the life of me I do not see how we could properly ask the courts to review a discretion properly exercised by a responsible minister of the crown. It is all very well to say that it is exercised by bureaucrats and civil servants and so on, but the final responsibility is upon the minister, and under the new procedure we are providing under this act there is a very real opportunity for review and consideration by the minister himself. However, I shall discuss that when we come to the section in question.

Mr. DIEFENBAKER: The minister has made the categorical statement that it would be impracticable to give an appeal on discretionary matters. He said there was an appeal to the exchequer court in the event that the discretion had not really been exercised, or had not been exercised honestly or fairly, or that the person exercising the discretion was influenced by extraneous and irrelevant facts; that is the law to-day. Hemmed in by those considerations, there is really no appeal; but my hon. friend makes the categorical statement that an appeal on questions of judgment, as he says, or discretion, would be impracticable.

Let me tell my hon. friend that before this senate committee, composed of outstanding members of that body, appeared representatives of the Canadian federation of agriculture, the trades and labour congress of Canada, life insurance companies, the income tax payers' association, the Canadian federation of labour, the Edmonton and Regina chambers of commerce, the dominion association of chartered accountants, the Canadian bar association, stock exchanges, the Toronto board of trade, the Canadian electrical association, the Federation Canadienne et Catholique du Travail and the Montreal chamber of commerce. All these bodies, representative of agriculture and business, came before this committee and were all of the opinion that an appeal was proper. The only one who took the opposite view was Mr. Elliott. The report of the special committee states:

> Mr. Elliott indicated, however, that the findings of the board or committee should in essence be advisory only and that should the Minister of National Revenue desire to adhere to a conclusion differing with the findings of the board, no further review or appeal should be provided but that, as is the case under the presently enacted legislation, the decision of the minister in respect thereto should be final and conclusive.

That is the same argument made by the minister to-day, but this is what the committee of the senate unanimously report:

> Your committee has given consideration to these submissions of the deputy minister and has concluded that they represent a direct conflict of opinion with the suggestion advanced by other witnesses in briefs and examinations, with which suggestions your committee agrees in principle as will be hereafter shown.

I point out that while the minister gives a categorical answer that the right of appeal from a decision of the minister on matters of discretion is impracticable except within the limited purview of the authorities, one of the most recent of which is Nicholson v Minister

of National Revenue, on the other hand practically all business organizations and bodies representing agriculture in this country stated that it was practicable, and that there should be a right of appeal. While I accept the minister's suggestion that further discussion take place later, I do want to point out that while he takes one view, the only person supporting that view is Mr. Elliott, and against that view is the view of all these other organizations representing all the provinces.

Mr. ABBOTT: I thank my hon. friend for deferring further discussion until we reach the sections dealing with the tax boards. I point out, of course, that these various organizations he listed made other submissions to the senate committee than those relating to these discretionary powers. I read a good many of their briefs, which I remember covered many points; in fact some did not make much reference to discretionary powers. However, I think the issues at this preliminary stage have been made fairly clear as between the view put forward by my hon. friend and the view I have voiced, and perhaps that should suffice for the question of principle when we consider the various discretionary powers in the subsequent sections.

Section 2 agreed to.

The CHAIRMAN: The suggestion has been made that section 3 should be considered paragraph by paragraph.

Mr. ABBOTT: I believe that would be wise. I think it would make for more orderly discussion.

The CHAIRMAN: Then I shall call section 3.

Mr. ABBOTT: I have an amendment here which I am going to ask one of my colleagues to move, but it relates to paragraph (3), so I shall take it up when we come to that paragraph.

On section 3, subsection 1—Mutual corporation.

Mr. BREITHAUPT: I should like to make a few remarks on this section, as it affects a good many cash mutual companies in my part of the country, North Waterloo, Perth and South Waterloo. These cash mutuals, as I interpret this section of the act, are very adversely affected. In the past they have been paying three per cent tax on premiums, and now are also to be taxed on income. Originally the companies I refer to carried on the fire insurance business only, but while the bulk of their business continues to be fire insurance, some of the companies write automobile and casualty lines. A large proportion of their business is in Ontario, Quebec and the western provinces.

The cash mutuals began as premium note mutuals insuring farms, village and local risks in southwestern Ontario in the same manner as the many farm mutuals which have served the farming community in the absence, until recently and now only to a limited extent, of any general farm insurance service from the stock companies. It is estimated that over $500,000,000 in farm fire insurance in Ontario, aside from Quebec, which is over eighty per cent of the total, is carried in mutual companies such as the ones I have described, and that over 197,000 Ontario farmers are insured in mutuals. The cash mutuals insure at least 16,000 farm risks, as well as a large number of village, town and other risks which are not protected by municipal or other fire fighting organizations. Many of the stock companies will not insure these unprotected risks, and if they do they are usually at higher rates.

The cash mutuals operate on a cash premium system as well as on the premium note basis. This development of the cash premium is a departure from the original scheme, which relied on the premium note for the large part of the policyholder's premium. Mutuals always demanded some payment in advance, as was required under the terms of the earliest legislation. It has been required in legislation since. As early as 1868 the legislature recognized the need of permitting business on a cash-mutual basis and authorized assessments for purposes of establishing reserves.

This brings me to my point, that under the new plan, as I understand it—and probably the minister will clear up this point—the premiums are taxed and the profits are taxed. No one objects to paying taxes, because what is fair for one is fair for another. But in cases such as this, where double taxation is now proposed, it places in a very unfavourable position these companies whose policy in the past has been to create reserves to protect the insured. Either one tax or the other should be eliminated.

Mr. ABBOTT: I am aware of the situation my hon. friend has outlined with respect to mutual insurance companies. As he knows, they were dealt with by the McDougall report, and the proposed section in large measure implements the recommendations contained in that report. It is true that up to the present time mutual insurance companies have been completely exempt from any form of income tax. The McDougall commission

recommended that that should not continue. The principal tax on the mutual insurance companies is the premium tax, to which my hon. friend made reference. Under the Special War Revenue Act, which was passed yesterday, the rate has been reduced from three per cent to two per cent for the deposit premium mutuals.

It is true that for the future mutual insurance companies will not be permitted to build up reserves out of undistributed taxable income. But any refunds which they make to policyholders, which are the equivalent of patronage dividends by cooperatives, are deductible from the gross income for purposes of taxation. So that I do not feel the new provision will be a serious interference with the operations of the mutual insurance companies. They will in fact be on exactly the same basis as the cooperatives, and on the basis recommended by the McDougall commission.

Mr. McMASTER: I spoke on this matter when we were discussing the resolutions, and since that time I have been able to obtain certain figures, which are too lengthy to place on *Hansard*. There are sixty-seven small farmers' mutuals in Ontario. I believe there are only one or two of them with reserves of more than $100,000. Many of them have reserves of $10,000, $15,000, or $16,000. I have been told by so many people that I believe it is true, without looking it up, that the Ontario government has insisted these mutuals have a reserve equal to two per cent of their insurance in force. It would seem that the smaller companies have from $8 million to $10 million of insurance in force, and therefore eventually they must build up to a reserve of around $100,000. That would apply to even the smallest of them.

This mutual fire insurance business is entirely different from the business of the cooperatives. A cooperative is an organization which buys something and sells it. At the end of the year it has certain moneys on hand which can be distributed as patronage dividends, if so desired. But the mutual fire insurance companies, which are operating in a comparatively small area and are able to protect themselves only by re-insurance, must build up good reserves. I have picked at random a small company operating in West Middlesex, the Caradoc mutual, which had losses in a particular year which left them no profits, or at least profits which were less than $1,000. But in nearly every case they have to build up reserves for bad years. Let us suppose that they build up $4,000 or $5,000 of profits in one year. As I understand it, they will come under the corporation tax of 30 per cent.

Mr. ABBOTT: I think that is correct. In common with other organizations they cannot build up reserves out of taxable income. They can build up reserves up after the tax has been paid.

Mr. McMASTER: But everything is not the same. I am speaking about the small farmers' mutuals. I say these farmers' mutual fire insurance companies are different from cooperatives. There is no use in saying they are the same. There are always exceptions; indeed if there were no exceptions there would not be the discretion vested in the minister, to which we are objecting, and the possibility that a different discretion would be exercised in respect of some other organization.

Let me follow this through to its logical conclusion. I have in mind a small farmers' mutual which may have an income in one year of $10,000. I am thinking of many of them in that position. Perhaps they will pay out for management and losses the sum of $7,000, and they would have only $3,000 left to meet any future losses. The government will take $900 of that. Perhaps next year that company will have many losses and no income. I do not suppose the government will come along and give the $900 back to them. I suggest we should understand fully the work that these farmers' mutuals do. It is entirely different from buying and selling. They must protect one another against large losses which may be suffered by their members, and in that way give reimbursement which arises from that unfortunate position. They are doing the work that larger companies do not want. I am not in the insurance business, but I know enough about insurance to know that the large companies do not want to insure isolated farm houses or barns, because they have no fire protection. No one is near them. They are bound to suffer loss. Some of the insurance these mutuals carry would be in the form of risks in connection with lightning striking farm animals. I was astonished when I learned the amount of damage done to horses and cattle by lightning.

Mr. GRAYDON: And wind damage, too.

Mr. McMASTER: Yes, there is also weather damage. It would be a tremendous tax, and one which we could very well do without.

Mr. ABBOTT: I agree that farm mutuals do perform a service and have a type of insurance which most of the stock and other companies are not anxious to take. But there

is no real difference in principle or practice between the service they are rendering to their members and that found in a cooperative organization. I do not agree with the hon. member when he says that the tax here is a serious matter. The heavy and the important tax in connection with all these mutuals is the premium tax; there is no doubt about that. If these mutuals have already built up a reserve, then of course it is there, and that is all there is to it.

Mr. GRAYDON: There to-day but gone to-morrow.

Mr. ABBOTT: But that is true of any other capital. No other group or organization can replace its capital out of current earnings, if it is lost, except out of earnings after tax. I should have pointed out that their losses are carried forward. They have all the privileges that other taxpayers have.

Mr. McMASTER: I did not realize that these mutual companies had the opportunity of distribution over several years. Have they? If they have a fortunate year, where they have no loss in ordinary income they will pay the tax on the large amount of surplus, and the next year if they have a heavy loss they will pay nothing, because they will not be in a position to pay anything.

Mr. ABBOTT: The hon. member will recall that under the act passed a year ago losses can be carried one year back and three years forward.

Mr. McMASTER: For mutual companies?

Mr. ABBOTT: For any companies, any businesses.

Mr. BRADSHAW: The minister has said that this was recommended by the McDougall commission. In the recommendations at page 65 of the report we find this:

> We are of the opinion that mutuals can and do have income which is subject to tax. This income results from investments and operating gains which are free from claims of policyholders. At the same time we consider that mutuals in certain specialized fields are rendering a service which is not provided by other organizations, notably, in insuring farm and other unprotected rural risks. These mutuals tend to keep their rates as low as is consistent with the risk involved. We consider that it would not be in the public interest to impose income tax upon those insurers whose activities are primarily in these fields.
>
> Considering the situation as a whole, we are of the opinion that the income tax should not be imposed on mutuals without a review of the varying rates of existing premium tax under the Special War Revenue Act.

Then in the summary of recommendations, under section 5:

> That the income of any insurer, mutual or otherwise, shall not be liable to taxation when in any year the net premium income in Canada is derived, to the extent of not less than 50 per cent thereof, from the insurance of farm property and other property not protected by municipal or other fire fighting organizations.

As the president of a mutual insurance company in my own riding, I would ask the minister to explain that.

Mr. ABBOTT: I said a moment ago that the legislation was largely implementing the provisions of the McDougall commission report. It is quite true, as my hon. friend points out, that in the case of mutual insurance companies doing more than fifty per cent of their business on farm property on the conditions mentioned, it was recommended that they should be exempted. That recommendation was considered by the minister and officials of this department, and it was felt that it was not desirable to set up a special class of mutual insurance company which would be completely exempt from tax. That is the reason why it was not felt that that particular recommendation could be implemented. Perhaps I should have pointed out that this class of mutual does enjoy complete exemption from payment of the premium tax if more than fifty per cent of their business is derived from insurance of farm property. I pointed that out in answer to the hon. member for Haldimand the other day. They have now a special exemption from premium tax.

Mr. BRADSHAW: If I may be permitted to cite my own case, we have an insurance company with $5,000,000 worth of insurance policies. We are running at the rate of twenty cents per $100, from which we derive premiums of some $10,000. Our losses last year were $6,000; our expenses were $2,000, or a total of $8,000. Our earned surplus would then be around $2,000. Is the tax on that surplus?

Mr. ABBOTT: Yes; there would be $60 tax there if it is not distributed. Of course, if it is distributed to policy holders, there would be no tax.

Mr. BRADSHAW: Since we are compelled by the provincial act to keep a surplus we have $45,000 of a surplus on hand, and we are required to keep that up to a certain limit.

Mr. ABBOTT: If you have the $45,000, and it did not need the $2,000 that my hon. friend has mentioned in order to hold the $45,000 at $45,000, it could be turned back to the policy holders and, of course, would not be subject to tax.

Mr. BRADSHAW: As refund of premiums?

Mr. ABBOTT: As refund of premiums, and then it is deductible and would not be subject to tax. I think the mutuals will find in practice that there is very little, if any, tax involved to them in this provision.

Mr. BRADSHAW: I think there is a tendency for the farm mutuals to lower their rate to get away from the income tax and then place themselves in a hazardous position if they incur a heavy loss.

Mr. ABBOTT: They must exercise proper business judgment. Their managers and directors must follow the principles of ordinary business prudence.

Mr. CARDIFF: Mutual fire insurance companies that carry risks on live stock are in a different position from that of the other companies. They have no control over the weather man, and when a storm comes up, which often happens—sometimes two or three times a year—they lose considerable numbers of cattle. Those cattle have to be paid for at their full value. I myself lost one the other day. I have been paying farm insurance all my life, and this is the first time I have been paid for anything; I lost a $150 steer. But losses very often happen. I have been fortunate, but many lose large numbers of stock, sometimes depending on their location; probably they are stranded under trees or are alongside a wire fence. But I think in this class of case there should be exemption from taxation, because their risk and their dependence are to a great extent on the weather man, and they have no idea what their losses will be one year with another.

Mr. GRAYDON: I suppose that all of us from rural sections are interested in farm mutual insurance. I know that our own buildings years ago were insured in two different mutual companies; and on one occasion, some twenty or twenty-five years ago, the premium note with one company, which always forms part of the policy agreement, had to be paid in part by all those who had a policy with that particular mutual insurance company. I hope the minister is not forgetting that this is in an entirely different position from the ordinary premium paid to the ordinary insurance company, because, once you pay your premium to the ordinary commercial company, tariff or non-tariff, that is the end of it; but when you pay your premium to a mutual that is not necessarily the end of it, because, if a big storm comes, inflicting a tremendous amount of damage, be it by fire or whatever other cause, if that damage is concentrated in one particular area every farmer who is insured knows that he may have to put up some part or all of the premium note which he has signed at the time he took the policy. That seems to me to put the mutual companies in a very different position from that of the others. When the hon. member for Perth speaks of $2,000 being left as a surplus on one year's business, to my mind that is the type of thing which shows good management and a desire to provide against loss in the future, and, more than that, to alleviate the possibility of some farmers having to put up money on the premium note in the future. This matter of the premium note, which is a liability existing on paper against every farmer holding a policy in a mutual company—at least, in the one we deal with—indicates an important and complete distinction affecting the question of taxation of these mutual companies. It may be that the minister is right when he says that not a great deal of taxation is likely to be levied against the company. But I think that if the principle is bad for $100 it is bad for $1,000 and it is bad for $100,000. I think the principle is an important one, and I should like the minister to reconsider this matter and see to it that these mutual companies do not have to pay this tax. I do not think it is a fair tax; it is one for which the farmers are going to have to foot the bill, and I think the farmers have already footed about enough bills in all the agricultural communities that I know of.

Mr. MACDONNELL (Muskoka-Ontario): Before the minister replies, may I make one observation? Under the old act, by paragraph (g) the mutuals were exempted. We now have this section, which I must say I find difficulty in reading because there are two negatives, and I agree with the hon. member who said he found the drafting anything but clear, although it may have been difficult to do it in any other way. But what we find now is that the only mutuals that will get exemptions are those which deal wholly, apparently, with charitable institutions; but you go on and still have the exemption as it was on life insurance companies except such as is credited to shareholders' account. The point I want to make is one with regard to which, it seemed to me, the minister gave a very by-and-large interpretation of the McDougall report, because in reading the section it seemed to me that the McDougall report goes completely in the face of what is now being done. "We consider", they say "it would not be in the public interest to impose income tax upon those insurers whose activities are primarily in these fields."

Mr. ABBOTT: What section is my hon. friend reading?

Mr. MACDONNELL (Muskoka-Ontario): I am reading now from page 65 of the report. I suggest that in changing the act you have made it worse than it was before, and in so doing, have gone flatly in the face of the recommendations of the commission.

Mr. ABBOTT: The McDougall commission reported that these mutuals should be put on the same basis as other cooperatives. They did suggest, in the case of farm mutuals more than fifty per cent of whose business was insuring farm property, exemption from taxation. The commission says on page 65:

> We are of the opinion that mutuals can and do have income which is subject to tax. This income results from investments and operating gains which are free from claims of policy holders. At the same time we consider that mutuals in certain specialized fields are rendering a service which is not provided by other organizations, notably, in insuring farm and other unprotected rural risks. These mutuals tend to keep their rates as low as is consistent with the risk involved. We consider that it would not be in the public interest to impose income tax upon those insurers whose activities are primarily in these fields.

They recommended that if more than fifty per cent of the business was in insuring farm property they should be exempt. That was considered by the minister and his advisers, and it was felt that we should not single out a special class of insurance company for complete exemption. This particular class already receives special treatment by exemption from the premium tax, which is the important tax in this field. That is the tax on the fellow who pays the insurance premiums, for in the final analysis that is where the tax has to go.

The hon. member for Peel said that there should not be any difference between $1,000 and $1,000,000.

Mr. GRAYDON: I said the principle was the same.

Mr. ABBOTT: I turn his statement around and say that the principle is exactly the same whether it is small or big. That was the reasoning which prompted the decision to treat all mutual corporations as being the same type of enterprise, but giving special consideration to the farm mutuals in connection with the premium tax which is imposed under the Special War Revenue Act.

Mr. MACDONNELL (Muskoka-Ontario): I suggest that when you exempt the income of life insurance companies except such amount as is credited to shareholders' account you are in effect exempting life insurance business to the extent that the mutual feature is present in their enterprise, and therefore an inconsistency arises there.

Mr. ABBOTT: Yes, but my hon. friend knows that the principles which govern life insurance underwriting are completely different from those which govern the underwriting of property and that the portion of the premium which goes into life insurance represents the savings of the people less certain amounts for the actuarial risks involved. That has been in the act for years and I think is sound. But the mutual fire insurance companys are providing a community service through cooperative effort. They are not accumulating savings or buying protection against death. They are operating a mutual organization for mutual protection against certain risks, and average the costs of these risks. The principles which underlie that type of risk are completely different from those underlying life insurance. The principle which has been adopted in connection with the life insurance companies is that the shareholders' portion is, of course, taxed; the other part is not. Again, in the case of the life insurance companies there is a premium tax.

Mr. McMASTER: The worst feature is that these companies can avoid taxation simply by sending cheques back at the end of the year to the people who are insured.

Mr. ABBOTT: So can any other cooperative.

Mr. McMASTER: That is starting them on the downward path of trying to evade taxation, which should be fixed and fair. Cheques will be sent back at the end of the year to the policy holders in order to avoid taxation. So that the government will not be any further ahead and a great deal of bother will be given to these mutual companies. That will be the only result.

Mr. McLURE: We have in our province the Prince Edward Island Mutual Fire Insurance Company. It does business only with farm property. Ninety-five per cent of its insurance business is with farmers, the remainder with schools and churches. As I understand the McDougall report, a company of that kind would be exempt because practically all its premiums come from farm insurance. Is that type of company exempt?

Mr. ABBOTT: That is what the McDougall report recommended.

Mr. McLURE: And that is what is in the act?

Mr. ABBOTT: No, that is not what is in the act.

Mr. McLURE: That is what we want in the act. This is purely a farmers' mutual insurance company. It differs from most mutuals in that it has just a set rate. The farmers do not sign a note when they pay a premium for any liability that may occur. The company carries

the entire risk, and the premium is very small, about one-third of what the tariff premium is. In this case—and there may be similar companies in the other provinces—I think the McDougall recommendation must apply. Surely the minister will make it apply in this case.

Mr. ABBOTT: Does my hon. friend know whether the company refunds premiums to its policy holders at the end of the year? I presume it does.

Subsection agreed to.

Subsection 2 agreed to.

On section 3, subsection 3—Cooperative companies and associations.

Mr. ABBOTT: I have a minor amendment which I will ask one of my colleagues to move to correct a flaw in the drafting.

Paragraph (i) reads:

The statute under which the corporation is incorporated or its charter or its contracts . . .

And so forth. I wish to insert after the word "charter" the words "articles of association or by-laws." Then in (iii) delete the words "and customers," so that it will read, "all its members are individuals." These are technical amendments.

Mr. MACKENZIE: I move accordingly, Mr. Chairman.

Amendments agreed to.

Mr. ABBOTT: The committee may recall that when we were discussing the resolution I indicated that I would give sympathetic consideration to the suggestions put forward that the section we are now considering should be made to apply not only to new cooperatives which started off without any previously acquired assets but to cooperatives which acquired an existing business. The Minister of Finance in his budget speech had indicated that it was the intention to restrict the operation of the section to a newly formed cooperative which had not acquired an already existing business. That was prompted by the fear that the provision might be utilized to operate what was really a private business under the cloak of a cooperative organization. But after the matter was considered it was felt that provisions could be inserted in the law to guard against that, and that has been done. Hon. members will see that there is a provision that there must be at least twenty members in the cooperative and that each member must have an equal share. Members will see that paragraph (vii) provides that the business must not be a continuation of a previous business in which, in the opinion of the minister, a substantial number of members of the corporation had a substantial interest, either as shareholders of a corporation carrying on the previous business or otherwise. So that with these protective clauses it is felt that the contingency of fraud is guarded against, and therefore the section is of general application to both a brand new business and one already existing.

Mr. BENTLEY: I appreciate what the minister has said, and I am glad that, on appropriate advice, he has made these changes, which are important. There is, however, one other change which he has not yet seen the need of. I honestly believe that the minister wishes to do the right thing as far as possible, and I have not said any harsh things in this connection; but if he could see the point which I shall endeavour to make, I believe he would be willing to make the necessary changes. What I have to say comes under paragraph (p). That is the provision to which I wish particularly to speak. I have advised the minister why we feel it is necessary to strike out the date line there so as to allow this to apply to a cooperative that may have started in the last two years or two years and eleven months.

Let me give one illustration that will have application to many other situations. When I spoke before, I used this illustration in connection with the cooperative horse-marketing association. It may be funny to talk about horse meat here, but I can assure the committee that it is not funny to those people who eat horse meat, nor is it by any means funny to those who own horses that are running at large, consuming grass that should be eaten by cattle and sheep at a time when we need such meat. I am going to tell a brief story and if I leave the track, Mr. Chairman, or if you think I am leaving the track, I will come back to it at once. I can assure you I will not be riding horseback or bullback while telling this story.

The minister, I am sure, wishes to remedy the situation that exists at the moment, because he told us frankly one day that the country was not being run by experts, and I was glad to hear that, because experts make expert mistakes. Experts make expert mistakes, whereas simple people make simple mistakes that require only simple correction in order to bring matters back to where they were before. It is for that reason I am telling this story.

For many years, as hon. members no doubt know, horses were our main source of power, and therefore the raising of horses was a business indulged in by a great many people and to a large extent by those who had ranges which could accommodate horses. In the last

number of years, and particularly in the period of the depression, when costs of production had to be lowered, and during the war years when man-power was at a premium and machine power had to be introduced, it developed that horse owners, large anl small, found that they had unwanted horses. They discovered that only a few types were required. Light horses, general-purpose horses and some of the big types were no longer required, for the reasons I have mentioned. The result is that numbers of these horses are running over the country, eating grass that is needed now for cattle and sheep to produce beef and mutton. Everyone here knows how sorely we need beef and mutton in this country, and indeed how sorely the world at large needs such meat. It is therefore foolish to have horses grazing where you can raise cattle and sheep and produce beef and mutton.

The stockmen were faced with two alternatives. They could hunt down and destroy the horses or make them available either as feed for the fur farmers or as food for human consumption. Let us consider for a moment the first suggestion. If you hunt down and destroy the horses there is an expense involved in the process, while the only return you could get would be the hides and bones, and that would not pay. So far as making the horses available to the fur farmers was concerned, there was no possible chance of the fur farms in this country ever using up the supply. The next thing, therefore, was to find some market for the horses, to sell them to those who would use them as human food. That was done. A survey was made, and hon. members will appreciate that it takes quite a while to do all these things. Even the Department of Agriculture here was called in to assist, and after the survey was made it was found that the Belgians would use horses as food. They are fed on short grass, and there is no better meat if you can make up your mind to eat it. I have not tried it, but it is used to a large extent.

Here was an opportunity to get rid of the horses, replace them on these ranges by cattle and sheep, and still obtain something in return for the horses. Is that not good business? Is not every private enterprise man here willing to admit that it is only the part of wisdom for men who have produced horses for some time, and gone to the expense involved in their production, to seek to get some return for them? Well, money was required for the necessary processing of the meat. No one man could afford the cost of equipment, processing and so on. No one man could finance the whole undertaking from this country to Belgium. The result was that these people organized a cooperative, and that requires a good deal of work.

These horses were scattered all over western Saskatchewan and a great part of Alberta. The producers had to procure the necessary plant and equipment. The first thing they did was to interview the various horse owners and inquire what they thought of the idea, whether they would like to be members of the cooperative, and then get them to join and to supply capital and ship the horses to the plant. I think hon. members will appreciate how much organizational work would be called for there, the expense involved and the time necessary to make all the preparations. Of course much of the work was not paid for but some had to be paid for. I do not wish to labour the point as regards the work that was done, but my hon. friends who come from Ontario or Quebec can well imagine the amount of travelling that would be necessary in order to interview everyone who might possibly be interested in a similar project in either of those provinces.

They did it. That is the point. They did it and finally they got things going. The plant was set up, and the government of Saskatchewan underwrote the original debt to the extent of $50,000 and gave another guarantee on top of that. The buying commission acting on behalf of the Belgian people made arrangements with the Department of Trade and Commerce and made an advance, but the great bulk of the money was subscribed by the producers in actual cash or in the form of promissory notes. Actual cash, however, was necessary to pay wages and procure machinery. That has been done through the bank, and the amount involved has to be paid back either from earnings of the plant, from the proceeds, or from the pockets of these men.

That has all been taken care of and the plant is still going. Deliveries are being made. The Belgian government takes what it requires as long as the product is packaged as the people there want it. Small cuts are put into cans and sent to UNRRA, and a great deal goes to Poland.

I suggest that it is only just not to tax that cooperative but to treat it as one coming under the provisions set out here, except for the date line to which I have referred. Whenever it suits the purpose of the minister, and he wishes to support an argument he is making, he has recourse to the McDougall report. I would refer him to page 43 where the following paragraph appears:

It has been pointed out to us on numerous occasions that cooperative associations are difficult to organize—

I have told you how to organize one.

—and that their rate of mortality is high, especially in their earlier years. They are not in a position to attract capital for investment purposes,—

My investing friends will understand that.

—except in small amounts. Moreover, they are apt to find it difficult to finance the employment of the necessary managerial personnel.

That is quite true.

In addition, there is a pronounced tendency to organize cooperatives in times of economic stress. We are, therefore, of the opinion that in the public interest, cooperative associations, upon consent of the minister, should be exempt entirely from income tax during the first few years of their operation.

That is the recommendation by the royal commission, which I think—

Mr. ABBOTT: You notice the words there, "upon consent of the minister"?

Mr. BENTLEY: Exactly, and that is what I am trying to get. I am trying to get the consent of the minister.

Mr. ABBOTT: That implies one of these discretionary powers to which so much exception has been taken, and we have eliminated that.

Mr. BENTLEY: I would remind the minister that I did not voice those objections. I am trying to "sell" the minister a bill of goods which I think he will like after he gets it, and which the cooperative associations will appreciate.

Let me come back to my illustration. This is what this horse marketing cooperative association does. First, it helps to feed the hungry people overseas. Everyone who gets some of this horse meat would otherwise go hungry. Whether we like it or not, they like it. It removes horses from range and pasture required by sheep and cattle. That is something every man in this country can understand. We require these things because to-day meat is rationed.

The cooperative was financed and equipped in the face of great difficulty. You need only to ask the people who undertook it and they will tell you of the difficulty. It has provided long-term employment for over a hundred additional people in that place. I believe that 125 people are employed there. It is a well-established plant. It is so well laid out that they have a pretty little nurse to take care of cut fingers and so forth.

Some hon. MEMBERS: Oh, oh.

Mr. BENTLEY: The plant is well equipped. I shall not try to sell the nurse to the minister. The employment provided there is to the advantage not only of the city but of the country generally. These men are working; they are building houses for themselves. They are taking advantage of all housing plans. A great many of them are returned men because they get a preference, provided that they will take the job and are in physical condition to do the work, which, of course, requires men who are physically fit.

The cooperative stands to make no profit. It hopes only to reimburse to a limited extent owners of surplus horses whose previous reasonable expectation was to get an average price of $50 to $75 per horse, and who realize not more than an average of $25 a horse. I can tell the committee why that is. The horses are brought into the plant by the owners. They are graded according to the kind of flesh that is on them and to the best of the ability of the men who understand how to grade horses. It is not an extensive proposition but they do a pretty good job. For the best horses they can get only two cents a pound. A reasonably fat horse weighing 1,500 pounds at two cents a pound would bring in $30. Many of them will not bring in that much; the average is around $25. I am being rather generous. From the amount each owner receives is deducted the amount that he had to subscribe to the capital of the outfit, and it is so much per horse. Then, when the accounts are all made up, each one will be reimbursed according to the number of horses and the pounds of meat he has contributed. It will not be a great deal. I doubt whether it will average more than four or five dollars per horse, so that in the final analysis it will amount to $30 a horse. Surely no one will say that the men who own these horses are getting too much for the cost of producing the animal before it went to the plant. If we are to tax the outfit and make it much more difficult for them to go on with their work, then all that they have done in the past will be nullified by that three year clause.

When I was speaking on this matter a few days ago the minister said that he did not know much about it. I am going to prove my assertion by making him a little gift of this can of horse meat, just to prove that we have the plant there and are actually operating it. I give it to him with the compliments of the Swift Current horse marketing association. I use it as an illustration, because this is the one of which I know, but there are countless other illustrations all over the country which are in very much the same position. Therefore it should not be too much to expect the government to remove the provision dealing with 1947 and make it the first day of February, 1944, or something along that line

and thereby remove the fears of these people who have been in this business so long.

Mr. ABBOTT: After listening to my hon. friend deal with the problems of the cooperatives, I first want to congratulate the Horse Cooperative Marketing Association Limited of Swift Current for their enterprise and initiative in forming this new association, and I thank my hon. friend for his courtesy in presenting me with his compliments, with this tin of horse meat and gravy.

Mr. FRASER: Are you going to throw a party to-night?

Mr. ABBOTT: I shall try it out on my family and see what the result may be. In a more serious vein may I deal with the question which the hon. member has raised as to making this exemption apply to cooperatives which are already in existence. The position is that a somewhat similar concession, if I may call it that, was given some time ago to the mining industry and is still in existence whereby new mines are exempt from income tax for the first three years after they come into production. At the time that provision was introduced it was urged, as it is urged now, that it should apply pro rata to mines which were already in production; for instance, one started a couple of years before that should get one year more. That was refused because the provision was put into the act as being in the nature of incentive legislation to encourage the opening of new mines. The same principle applies here. It is to encourage the formation of new cooperatives. A similar provision has been inserted which was made applicable to mines whereby new cooperatives would not be subject to income tax for the first three years. It is felt that we should offer the same principle here that we did in the other case. If the cooperative is formed, then the members are already persuaded of the desirability of engaging in that form of enterprise. The capital has been put in, or presumably some of it has been put in, and it is felt that the provision should not be made retroactive but should apply to new cooperatives for the three years after their formation. I may say we gave consideration to ths representations which were made by my hon. friend and also by hon. members on this side of the house that what he is suggesting should be introduced into the law, but it was felt that it could not be done.

Mr. IRVINE: If the cooperative is formed it cannot come under this act, because the act is on the books. The minister says that the purpose of this is to encourage new cooperatives, but if a new cooperative is strangled in six months it is not much encouragement for others to be born. I think the minister should change that.

Mr. ABBOTT: It will not be strangled as a result of income tax; let me assure my hon. friend of that. It may fail because its customers do not patronize it enough or because it cannot get capital, but no new cooperative will go out of business because of the burden of income tax which is imposed; I can assure my hon. friend of that.

Mr. CAMPBELL: I hope the minister will not take that can of meat and throw it in the garbage pail when he gets home. Last winter, when the university of Saskatchewan held their stock show they did not realize until after the date had been set that they had chosen a meatless day. They usually serve a lunch, and when they were about to decide what they were going to use in the sandwiches they discovered it was a meatless day and they could not have meat sandwiches. Somebody then had a bright idea, which was that horse meat was not included in meatless days or was not considered as meat. The superintendent of the institution sent to Moose Jaw and got a piece of horse meat, and I might say that we all had horse meat sandwiches that day. If we had not known it was horse meat we would not have been any the wiser. The texture is a little coarser than beef and the colour is redder. I am sure that if the minister tries that meat he will enjoy it.

Mr. ABBOTT: I am looking forward to it unless my hon. friend wants to take it back.

Mr. CAMPBELL: No. May we return to the bill? We might be able to change the minister's mind a little further. When the budget was dropped in our laps and the Minister of Finance left for other parts I thought that possibly the acting minister might take a rigid attitude. I thought that, as a result, it would not be possible to have many changes made in these resolutions. I am pleased, however, to see that the minister has not taken that attitude; that he has relaxed to some extent. In a moment I am going to move an amendment which I hope will receive his favourable consideration, but before doing so I want to support the contention of the hon. member for Swift Current that a cooperative should be exempt for three years. The government has accepted that principle, and it was also recommended by the McDougall commission that a cooperative should be exempt for the first three years. You might take a horse meat packing plant, or you might take a cooperative such as we have in a little town close to where I live.

That cooperative was started last year. Under this section as it stands they are going to be taxed for two years, and we think the government should accept the principle, and support it by legislation, that a cooperative should be exempt from taxation for the first three years. So I am going to move, seconded by the hon. member for Swift Current, that on page 4 of the bill, paragraph (e), line 12, be amended by striking out the words "after commencement of its business" and in lines 13 and 14 by striking out the words "commencing business on or after the first day of January, nineteen hundred and forty-seven".

Mr. ABBOTT: There is an amendment already, so that this will have to be a sub-amendment. I submit, of course, what my hon. friend probably knows, that this amendment is clearly out of order. If adopted it would diminish the revenue, and as such is an amendment which can be moved only by a member of the government with the approval of His Excellency the Governor General.

Mr. STIRLING: May I ask a question with regard to paragraph (iii), which is now the subject of the amendment to which the minister has already referred. I understand that this will now read "all its members are individuals". Is that correct?

Mr. ABBOTT: Yes.

Mr. STIRLING: Then what will be the position of a cooperative that receives produce for packing, grading and shipping from a farm which is owned by a partnership, a syndicate or even a company? In these packing houses to which I referred when we were discussing the resolutions the produce of quite a number of farms so owned passes through the hands of the cooperatives. Under this wording, does it mean that in future the new cooperative must not accept produce from a firm which is owned by a company?

Mr. ABBOTT: They could accept the produce of such a firm, of course, but I suppose that would be non-member business, if it were owned by a corporation. I do not know how these things work. I did not know farms were owned by corporations, but perhaps the president might be a member of the cooperative. In any event, for the purposes of this section a corporation cannot be a member of a cooperative if the cooperative is to qualify for this initial three-year tax exemption.

Mr. STIRLING: That is where one great difficulty arises in trying to understand these taxation proposals. As far as I know, those twenty or thirty cooperative shipping houses do not have membership. You ship through them, and in a certain sense a shipper through them is a member of that cooperative outfit. But it does the business of receiving, grading, packing, preparing for shipping and shipping the produce of the orchards and farms all around. The great majority of them are owned by individuals, but certainly there are cases of partnerships. Those are not individuals in the sense of this section.

Mr. ABBOTT: They would be within the meaning of this section. There is no question about that.

Mr. STIRLING: Others are owned by syndicates; I am thinking of one such at the present time.

Mr. ABBOTT: Then all members of the syndicate would be individuals and presumably under those circumstances would be members of the cooperative.

Mr. STIRLING: If they shipped their produce through the cooperative?

Mr. ABBOTT: That is right. This would exclude corporations from becoming members of the cooperative for the purpose of this initial three-year exemption. It is not contemplated that this special treatment for cooperative organizations should be extended to organizations which are mere holding companies for other companies, if I may so describe it.

Mr. FULTON: I have waited until the bill got into committee, because quite frankly I could not understand the effect of this proposed legislation when it was in the resolution stage. I should now like to ask the minister some questions in order to try to understand the effect of this legislation. First, I want to put the case of what I regard as a true cooperative; that is, a producers' cooperative where the business is carried on much as described by the hon. member for Yale. Take the case of a fruit growers' cooperative. They bring their produce to the cooperative. They do not receive an initial payment but merely a credit slip for so many boxes of apples. The cooperative then markets the apples; when it receives payment therefor it makes a distribution of the total proceeds, and each individual receives his proportionate share less his proportionate share of the expenses. What I do not understand is how that cooperative can be liable to pay any income tax at all, because I do not see that it has any income. Is that correct?

Mr. ABBOTT: I agree with my hon. friend; I do not think it has any taxable income at all under the conditions he has outlined. In substance, it is simply accepting the produce

on consignment, marketing it, deducting the expenses and remitting the balance to its members. I quite agree with my hon. friend that under those circumstances there would be no taxable income whatever.

Mr. FULTON: I do not want to appear to be guilty of trying to catch the minister, because this is important, I think, when we come to the three per cent provision a little later on.

Mr. ABBOTT: If you want to cover that now, there would be no three per cent payment either, because there would be no taxable income out of which to make it.

Mr. FULTON: That is what I want to understand. This cooperative may have $40,000 or $50,000 worth of plant, to which the members have subscribed initially. In the case I am thinking of, the cooperative has its packing plant and a box factory as well, so I should like to have that clear. If it carries on its business in that way there is no taxable income in the hands of the cooperative; the income is not taxable until it has reached the hands of the individual members?

Mr. ABBOTT: That is quite correct. On the hypothetical case my hon. friend has put forward the cooperative would have no taxable income and, therefore, there would be no tax. In the same way the three per cent rule could not apply because there would be no income out of which three per cent could be attributed as a return on capital.

Mr. FULTON: But there is capital.

Mr. ABBOTT: I made that point clear in connection with the resolutions, that a cooperative may have employed capital; but its way of doing business may be such, the contracts it makes with its customers may be such that it ends the year without any taxable income, and if it has no taxable income, then it pays no income tax. There are plenty of other organizations which may have employed capital of $100,000 or $200,000 or $500,000 which pay no tax unless they earn taxable income.

Mr. FULTON: That is what I thought, and I am glad to have the minister confirm it.

Mr. ABBOTT: I want to make that perfectly clear. Mind you, it is only in a case such as my hon. friend suggests, where business is done in that way, that this result would follow; but in the case he has cited there would be no taxable income and the section would not apply.

Mr. STIRLING: May I remind the minister of the illustration I gave when this matter was before the committee in the resolution stage? Such a cooperative, for the benefit of its members, sets up a store in which it sells a great variety of things. At the end of the year the members of that cooperative receive a rebate on the amount of their purchases. That may be a first cousin to the patronage dividend which is used here.

But the public also shops at the store, and the amount of rebate paid back to the customers who are not shippers through the cooperative is a form of profit. That being the case, and this concern earning a profit on a fraction of its main business, does it get caught under this three per cent provision? It is an organization which, on a small portion of its business, has made a profit. Surely it cannot be mulcted to the extent of three per cent on its capital.

Mr. ABBOTT: The case which my hon. friend has set out is that of a consumer cooperative. It is a cooperative which provides its members with groceries.

Mr. STIRLING: It is a small subsidiary of a large producer cooperative.

Mr. ABBOTT: Yes. On that business which it does, if it returns to its customers a portion of its profits—and for want of a better term I shall call them profits—that is in effect a patronage dividend, and it is deductible from gross income under the bill now before the committee. If the same payment is made to non-members, that is deductible, too. Whatever payment is made to non-members is deductible.

But if I understood correctly the facts as my hon. friend recited them, the three per cent rule would apply there to the extent that the cooperative had employed capital. If the small cooperative which my hon. friend mentions had employed capital of $10,000, within the definition, three per cent on $10,000 would be $300, and it might be taxed $90. That is the extent of the tax, before it could distribute patronage dividends.

Mr. FULTON: Would they be allowed to keep those two businesses separate for taxation purposes—their producer cooperative and packing-plant business on the one hand, and the little store on the other?

Mr. ABBOTT: It is somewhat difficult to answer that offhand. I should think they would not have any income in the one case, and in the other case they would have comparatively small income, which would be subject to tax.

Mr. STIRLING: If I followed the minister correctly, I understood him to say that the three per cent would apply only to that portion of the cooperative which is used for that small subsidiary business.

Mr. ABBOTT: No, I do not think so. I think you would have to look at the cooperative as a whole. If it could so arrange its business that it had no income with respect to its producer operations, but could not so arrange it that it had no income with respect to its consumer operations, it might have to pay a small tax under the three per cent rule. But it is most difficult to give a definite answer on a hypothetical case without having all the circumstances before me.

Mr. STIRLING: But does the minister not see in my illustration that the only profit is made on a part of the business of the subsidiary, and the subsidiary itself is but a small part of the far larger cooperative organization. There may be half a million dollars in the cooperative organization—the packing house, cold storage plant and that sort of thing. But perhaps there is only about $10,000 of its capital used in this subsidiary that is selling groceries. Only a fraction of that can be called profit on the produce which is sold to non-shippers.

Have I not made plain to the minister that it is contrary to common sense that this organization of half a million dollars should be mulcted of three per cent of that capital because it has made profits on a small part of the business of its subsidiary.

Mr. ABBOTT: It is mulcted of three per cent of that capital. Three per cent of that capital is considered as taxable income. The whole three per cent is not taken. Three per cent is considered as taxable income, and a tax may be exigible. If the income is not there, there is no tax possible.

We say that three per cent of half a million dollars is $15,000. Let us suppose, on balance, that the little consumer ends up with a net income of $2,000. You could not tax on the $15,000. It would be three per cent on $2,000, which would be subject to tax.

Mr. STIRLING: That is clear enough, but it is not the way it reads in the bill.

Mr. ABBOTT: The section we are now considering is simply the exemption for new companies. But what I have said is a fact.

Mr. HANSELL: I had no desire to interrupt the continuity of the arguments being made, but I wish to rise to a point of order before a ruling is given on the amendment moved by the hon. member for The Battlefords. I notice that the Acting Minister of Finance almost declared the motion out of order himself. I have no objection to the minister's speaking to a point of order, but I object to his taking it out of the Chairman's hands, and declaring it to be out of order.

Mr. ABBOTT: It has not yet been ruled out of order. I just made a comment; that was all.

Mr. HANSELL: I know it has not been ruled out of order, but the way the minister spoke it would have appeared that he was chairman of the committee. I recognize that an amendment which would increase expenditures is out of order, but I say that an amendment which would indicate a decrease in revenue is not the same thing. I wish to protest against the ruling before you make it, Mr. Chairman.

Some hon. MEMBERS: Oh, oh.

Mr. HANSELL: Otherwise your ruling becomes a precedent for future generations.

Mr. ABBOTT: It has been a precedent for generations before this one.

Mr. HANSELL: If a ruling of that kind were made, then I do not see how budget resolutions could be amended in any way. An amendment of those resolutions would either increase expenditures or decrease revenue. If a ruling of that kind were given one could not possibly move an amendment to a tariff item, because the revenue of the country would be affected.

I claim there is a distinct difference between a motion for increased expenditures and one to decrease revenue. If the chairman were to give a ruling in this instance he would be acting in the position of an accountant, and in order to rule correctly he would have to bring in all the accountants in the country and say to them, "I want your report on this, as to whether or not it will decrease revenue."

Again I make my protest, before this becomes a precedent for future generations.

Mr. HERRIDGE: Before asking the minister the question I wish to ask, I want to arouse his sympathy for the fruit growers of my district by asking him to note that all those who are speaking in support of the fruit cooperatives are very thin and slender people.

An hon. MEMBER: You do not eat enough horse meat.

Mr. HERRIDGE: My question is this: what the hon. member for Yale and the hon. member for Kamloops said regarding fruit cooperative organizations is correct; but in some cases, in addition—and the organization with which I am acquainted in Kootenay is a case in point—the revolving fund, instead of paying the grower all his crop receipts less expenses at the end of the year, may with his consent deduct $100 or $200 and issue shares. Is that money taxable?

Mr. ABBOTT: I am advised that it is taxable in the hands of a member, of course, but not in the hands of the cooperative. It can be deducted for the purposes of the income of the cooperative.

Mr. WRIGHT: I should like to say a word in support of the amendment of the hon. member for The Battlefords. I do not think the minister was sound when he said that this is incentive legislation, because, as I understand it, under section 4 (p) of the old act any cooperatives that have been organized under a rule such as is suggested in subsection 3 here would have already been exempted from taxation and would not have paid any tax during the time they had been organized.

Mr. ABBOTT: No, not if the opinion of the Department of Justice is correct.

Mr. WRIGHT: At least, they have attempted to collect taxes in only very few cases.

Mr. ABBOTT: That is true, because it was only in 1942 or 1943 that the opinion was given that patronage dividends were taxable. Up to that point they had been considered as non-taxable; and the minister pointed out in his speech that the proposals that are being made here are based on the good faith principle, that people believed up to that point that they were exempt, and would be treated as such.

Mr. WRIGHT: That is exactly my point, that these cooperatives which have been formed of recent years and in good faith believed they were not taxable, and were given no notification that they were taxable, have not been paying taxes and yet now find themselves taxable. Any cooperative that was organized in 1945 or 1946 will be taxable, in one case for one year and in the other case for two years. I agree with the minister that this taxation is not of such a nature that it will kill any cooperative; but certainly a principle is involved, and it is a matter in which, I think, the minister should be fair, and should consider that these cooperatives formed in 1945 and 1946 should have the three-year exemption the same as a new cooperative, because certainly they have been exempt up to date under section 4 (p), and now the government is proposing to tax them, whereas a cooperative formed in 1944 and which carried on its business in good faith is not taxable, and one that is formed in 1947 will not be taxable. I think it would be only fair to treat them all alike.

Mr. ISNOR: If I understood correctly the answer given by the minister to the hon. member for Kootenay West, it was to the effect that neither a member of a cooperative nor a cooperative would be charged income on an amount of $200—which I think was the figure used—if it were reinvested or left in the business.

Mr. ABBOTT: Oh, no; I said that the member would be subject to tax, of course.

Mr. ISNOR: I want to get that clear.

Mr. ABBOTT: It would be taxable income in his hands. I so stated.

Mr. BENTLEY: I did not know that when the Minister of Public Works said he was going to improve the acoustics of the house he was going to do it so well. It is a case of practically perfect timing, for I received the following wire just now:

> Horse cooperative urge that you endeavour to obtain three-year tax exemption from commencement of business for new cooperatives now in operation. Proposal in new section 4 paragraph (p) to exempt cooperatives organized after January 1, 1947, only a severe hardship on horse cooperative which commenced operations last October . . . .
>
> Horse cooperative marketing association.

Mr. FULTON: I wonder if I could put this further question to the minister along the lines of my previous question, to clear up the point as to whether or not a cooperative receives an income. I used the case where they did not make any initial payment but they gave a credit slip. Supposing they make an initial payment of $1 a box, then market the fruit and find that they can pay $1.25 a box. Is it to be held they have made a profit and therefore must pay income tax, or if they pay the whole $1.25 out will they still be regarded as not earning an income?

Mr. ABBOTT: That would depend on the terms of their contract with the individual member. If the contract mentions an obligation to pay them the dollar or more over and above handling charges, then they would have no income.

Mr. IRVINE: Just before the amendment to the amendment is carried I want to make a comment, Mr. Chairman, on a point of order which I expect you will be deciding. The hon. member for Macleod made, I think, a potent argument in favour of the proper ruling. However, although he argues that it should be in order not to increase a vote but to decrease it, I am afraid that to decrease it is worse for the government than to increase it, because they will be out that much money. But the point I wish to make is that this debate and all other budget debates are a complete and absolute farce as long as

we cannot alter this vote or any other vote according to the will of the parliament of Canada. I am going to suggest that in this particular case, while the committee which attends to the rules of the house gets busy and changes this rule, the hon. gentleman who moved this amendment should add to it that we shall increase the tax on International Nickel and the Aluminum Company of Canada in exactly the amount which is deducted through the moving of the amendment, and that will leave the income and outgo exactly in balance. This ought to be in order, and I hope you will consider it, Mr. Chairman, before you give your ruling.

The CHAIRMAN: I have considered the amendment which has been moved by the hon. member for The Battlefords. I would point out that the principle of the bill is based on the ways and means resolutions, and it would appear that the amendment would decrease the taxation and disturb the balance of ways and means, and it would accordingly not be possible for a member other than a minister of the crown to move such an amendment. I would draw the attention of members of the committee to May, 14th edition, page 758:

When a bill is based on ways and means resolutions all its provisions, not only those which impose taxation, must be covered by the resolutions on which it is brought in.

On those two grounds I must rule the amendment out of order.

Mr. FAIR: A short time ago the minister told us about two safeguarding clauses. One of them is referred to as paragraph (vii) of subsection 3 of section 3, which is to be found at the bottom of page 4 of the bill, in connnection with a business carried on by a corporation which is not in the opinion of the minister a continuation of a previous business, and so on. I wonder if I understand that correctly? Am I to understand from what the minister stated that a group of people living in a town and farmers surrounding that town cannot form themselves into a cooperative organization and buy out any business which is operating in that town?

Mr. ABBOTT: Oh, they can do that. It is intended that they should. The purpose is to prevent the shareholders of a corporation which is operating as a private corporation from converting themselves into a cooperative.

Mr. BENTLEY: Suppose a cooperative which really was a cooperative found that it could not comply in all respects with the law of the province and found it necessary to reorganize. Would this apply to such a cooperative?

Mr. ABBOTT: They could not do so because there is a prohibition preventing a cooperative from reorganizing in order to get the benefit of this exemption. They could reorganize but they cannot get the benefit of the exemption.

Subsection 3 as amended agreed to.

On section 3, subsection 4—Credit unions.

Mr. ABBOTT: I have an amendment which I will ask my colleague to move.

Mr. McCANN: I move:

That subclause 4 of clause 3 of the bill be amended by striking out paragraph (q) and replacing it by the following:

"(q) The income of a corporation or association incorporated or organized as a credit union or cooperative credit society if

(i) the corporation or association derives its revenue primarily from loans made to members residing within the territorial limits within the province to which it is restricted for the carrying on of its business, or

(ii) the members thereof are corporations or associations incorporated or organized as credit unions which derive their revenues primarily from loans made to their members or under provincial cooperative legislation or for religious, educational or charitable purposes or corporations or associations, no part of the income of which enures to the benefit of any member thereof."

The amendment is designed to make the clause less restrictive by adding the words "or cooperative credit society" and by redrafting paragraphs (i) and (ii).

Mr. IRVINE: I notice that emphasis is laid on members being individuals.

Mr. ABBOTT: The amendment strikes that out, and enables other cooperatives to be members of a credit union.

Mr. IRVINE: I appreciate that, but I want to know whether the same restriction is struck out with respect to any other cooperative apart from credit unions.

Mr. ABBOTT: The reason it was struck out was that it was pointed out that a number of these credit unions lend money to fishing cooperatives and other cooperatives, and by their charter or by-laws they are prohibited from lending money to other than members. We do not wish unduly to prevent that type of business.

Mr. IRVINE: I think it is a fine amendment so far as it goes, but I should like to see it carried through, and I should like to press that point with respect to other branches of cooperatives.

Mr. ABBOTT: There is no limitation on other cooperatives except with respect to the three-year provision.

Mr. WRIGHT: Will this amendment include a cooperative credit society in Saskatchewan where the cooperative and the credit union belong jointly to a credit society? Will they be included now?

Mr. ABBOTT: Under the clause as amended, yes.

Amendment agreed to.

Subsection 4 as amended agreed to.

On section 3, subsection 5—Service pay and allowances.

Mr. PEARKES: Does this apply to non-permanent personnel as well as to the regular forces?

Mr. ABBOTT: The only effect of this amendment is to exclude permanent force personnel from receiving the new rates of pay from the operation of the wartime tax exemptions other than as indicated in the section.

Subsection agreed to.

Subsections 6 to 8 inclusive agreed to.

Section 3 as amended agreed to.

At six o'clock the Speaker resumed the chair, and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 358, for the relief of Anita Spinner Starr—Mr. Maybank.

Bill No. 359, for the relief of Fay Podolne Litwin—Mr. Maybank.

Bill No. 360, for the relief of Gregoire (Hryhory) Hyss, otherwise known as Harry Hys—Mr. Maybank.

Bill No. 361, for the relief of James Lamb Runciman—Mr. Maybank.

Bill No. 362, for the relief of Joseph Wilfrid Lionel Anecie St. Denis—Mr. Casselman.

Bill No. 363, for the relief of Emily Kathleen Mennie Thissen—Mr. Maybank.

Bill No. 364, for the relief of Robert Frederick Ring—Mr. Maybank.

Bill No. 365, for the relief of Walter Vernon Lewis—Mr. MacLean.

Bill No. 366, for the relief of Leonard Ferdinan Raymond—Mr. Maybank.

Bill No. 374, respecting Workers Benevolent Association of Canada—Mr. Maybank.

Bill No. 375, for the relief of Mildred Cohen Share—Mr. McGregor.

Bill No. 376, for the relief of Muriel Elizabeth Clarke Gagnon—Mr. Maybank.

[Mr. Abbott.]

Bill No. 377, for the relief of Margaret Fern Hobbs Burns—Mr. Maybank.

Bill No. 378, for the relief of Joseph Euclide Beaudoin—Mr. Maybank.

Bill No. 379, for the relief of Mary Rose Ellement Boulet—Mr. Maybank.

Bill No. 380, for the relief of Jean Stewart Lavery Martin—Mr. Maybank.

Bill No. 381, for the relief of Catherine Edith Thompson Williamson—Mr. Maybank.

Bill No. 382, for the relief of Joseph McCaffery—Mr. MacLean.

Bill No. 383, for the relief of Marian Pearl Dunfield—Mr. Maybank.

Bill No. 384, for the relief of Dollard Charest—Mr. Maybank.

Bill No. 385, for the relief of Kerttu Helvi Helen Fascio—Mr. Maybank.

Bill No. 386, for the relief of Anne Shacket Payne—Mr. MacLean.

Bill No. 387, for the relief of Gaston Marcel Chapdelaine—Mr. MacLean.

Bill No. 388, for the relief of Ross David Chartier—Mr. Maybank.

Bill No. 389, for the relief of John Boosamra—Mr. MacLean.

Bill No. 390, for the relief of Daz Sims—Mr. Maybank.

INCOME WAR TAX ACT

The house resumed consideration in committee on bill No. 368, to amend the Income War Tax Act—Mr. Abbott—Mr. Macdonald (Brantford City) in the chair.

On section 4, subsection 1—Depletion.

Mr. ADAMSON: The question I have to ask the minister at this stage is based on the last three lines of this section, and that is the power given to the officials of the department. The language is quite specific: "The minister shall have full power to apportion the deduction between them and his determination shall be conclusive." With regard to the exhaustion or depletion of a mine or timber limit, we are by this clause giving, if I may say so, extreme powers to the department, and I suggest to the minister that the appointment of a referee on the question of depletion might be advantageous. I realize, of course, that this is a technical matter, but since, under the wording of the present section, the supreme and absolute verdict is with the minister and his department—

Mr. ABBOTT: That is only as to apportionment.

Mr. ADAMSON: Yes, only as to apportionment.

Mr. ABBOTT: He acts as a referee if they cannot agree among themselves. Where the lessor and lessee disagree the minister comes in. Somebody has to act as referee.

Mr. ADAMSON: I suggest that a referee be appointed where they cannot agree. I realize that this is not a question of the minister disagreeing in a case.

Mr. ABBOTT: This has been in the act for a great many years and there has never been any difficulty. The lessor and lessee, in case of disagreement, have apparently always been willing to accept the minister and so describe him. Somebody gets the full depletion allowance and, where there is a case of lessor and lessee, normally the lessor would get it. But it might be appropriate that it should be divided between the lessor and the lessee. If they can agree as to how the full depletion allowance is to be apportioned, well and good; that disposes of the matter. If they cannot agree the minister is in effect appointed sole arbitrator. That is the effect of this particular section. That is all it is.

Mr. ADAMSON: What machinery does the minister use? I can understand that the minister cannot himself sit on these questions. What in effect happens when there is disagreement?

Mr. ABBOTT: When there is a dispute the deputy minister or an official designated by him hears both parties, as any other arbitrator would do, and then makes a finding. In effect, he is acting as arbitrator. If the parties can agree among themselves there is nothing to do; their agreement makes the law, as it were. But if they cannot agree, then the minister is appointed arbitrator, and in normal circumstances he would act through his deputy minister or some appropriate official. I am advised that it has worked very well on that phase for a great many years. It has been in the law for a good many years, and it is safe to say it is pretty generally accepted by those affected as a reasonable provision.

Mr. ADAMSON: I realize it has worked, I will not say with entire satisfaction. But it has been an old clause in the act.

Mr. ABBOTT: My hon. friend will no doubt have noticed that in this section we are taking out the provision which gave the minister discretion to determine the amount which may be fixed as depletion and providing that it shall be determined by the governor in council, that is, by order in council. Of course that will be made public to all concerned.

Mr. ADAMSON: That means the minister.

Mr. ABBOTT: It means the cabinet. It means that the governor in council will establish rates of depletion, and we believe that is better than leaving it to a single minister. On reflection, I believe my hon. friend will agree that that is desirable. Someone has to fix the rates. It is not desirable to fix them in the statute, because it might be well to vary them from time to time. They will be fixed in future by order in council, and that will be made available to all interested. It will be public property.

Mr. ADAMSON: But the order in council, once passed, is a final act.

Mr. ABBOTT: It could be varied a month later if that were desirable.

Mr. ADAMSON: But my suggestion is that if the order in council is passed the contestants or disputants have no chance.

Mr. ABBOTT: That just fixes the rate of depletion. Previously the minister fixed the rate. One man fixed the rate, and it has always been urged that it was not fixed by the minister but by the officials. I do not agree with that, but that has been the contention. Under the new procedure the rate will be fixed by the governor in council; then under the discretion clause at the end, if it is a case of lessor and lessee of these mining, oil or timber limits, if the lessor and the lessee cannot agree as to how the twenty or thirty per cent is to be divided, the minister acts as sole arbitrator. That is the effect of the section.

Mr. ADAMSON: In fact what it really boils down to is that the treasury board decides.

Mr. ABBOTT: The treasury board has nothing to do with the matter.

Mr. ADAMSON: The cabinet.

Mr. ABBOTT: The cabinet is not the treasury board.

Mr. ADAMSON: But treasury board—

Mr. ABBOTT: Is a committee of the cabinet for certain purposes; it has nothing to do with this at all.

Mr. ADAMSON: The cabinet decides the rate and passes an order in council instead of the minister deciding on the rate.

Mr. ABBOTT: It is a cabinet decision instead of a departmental decision.

Mr. McMASTER: Could you fix a different amount for different mines? Do they vary in each individual case, or is there a general rule?

Mr. ABBOTT: A general rule is laid down; but if, for instance in the case of a coal mine, they could show that there is a definite coal deposit for which they paid a definite price, then that could be dealt with as a special case. After all, as the committee knows, the purpose of depletion is to get back the money which has been invested as capital in a wasting asset.

Mr. McMASTER: That is one of the reasons; the other is for the owner to get as much as he can in depreciation.

Mr. ABBOTT: That is a business argument.

Mr. JACKMAN: This section has to do with base metal mines, and inasmuch as the general reasoning behind the price of gold was made a subject matter in this debate I wonder whether the minister could enlighten the committee—because I am sure as many members are in the dark as I am— as to just why the government does not allow producers of base metals, such as copper, lead and zinc to obtain the world price for these commodities and in that way help not only the old mines but also the new ones.

Mr. ABBOTT: That hardly comes under this section, and I do not know that I have the information available at the moment. I shall take a note of my hon. friend's question.

Mr. JACKMAN: Surely it is as akin because the price of gold was under the various sections we were discussing; in fact, much more so. Obviously I do not want to take up the time of the committee in discussing the matter, but it is strange to many of us that our internal consumption of copper and other base metals is at a much lower price than the world price. We can understand that, because we are endeavouring to maintain a domestic price ceiling, but so far as the export of these commodities is concerned—and we are substantial exporters of copper, lead and zinc—it seems strange to the uninformed at least that the price which our producers get should be so much below the world prices.

Mr. CASE: I have a question or two I should like to ask. We are now dealing with section 4, I understand.

Mr. ABBOTT: We are on subsection 1 of section 4.

Subsection 1 agreed to.

On section 4, subsection 2—Exemptions and deductions.

Mr. LANGLOIS: Though I had not intended to take part in the debate on the bill now before the committee, I wish, however, to make a few remarks on this subsection to-night. Like the great majority of taxpayers of this country, I should have liked to see in the bill greater exemptions to taxpayers in the lower income tax bracket. I, on the other hand, fully understand and realize the need for this government to raise the necessary funds for the administration of the country during these years immediately following a long and arduous war period with still heavy commitments resulting therefrom. I most heartily welcome the substantial reductions made in this bill, and I most particularly appreciate the fact that these reductions are inversely proportionate to the scale of the various incomes affected.

We are told that the total loss of revenue to the treasury can be safely estimated at an annual amount of approximately $150 million. I take pleasure in thanking the government for having been able to realize this substantial reduction in taxation, and I hope that succeeding budgets will gradually increase the rate of this relaxation in the taxation policy of this government. Like other hon. members, I, during the past two months, have received numerous representations asking that all personal income below $3,000 be exempt from taxation. Most of these representations were formulated on the hundreds of post cards of the type which I now hold in my hand, and which every member of the committee easily recognizes. In connection with these postcards, I received last week a letter, the contents of which I consider it my duty to make public at this stage of the discussion. The letter I wish to refer to enclosed one of these cards, and, since the letter was originally written in French, I am giving the committee as close a translation as possible. The letter reads as follows:

Cortéréal, July 24, 1946.

Mr. L. Langlois, M.P.,
House of Commons,
Ottawa.

Dear Sir,—Last Sunday two men came to our church meeting with these post cards which they were selling five cents apiece urging us to send these cards to our member of parliament in order to help him obtain the abolition of income tax. They call this organization "L'Union des Electeurs" (Union of Electors). It is supposed to help you to obtain from the government what your electors demand. Is this good or not? Would you be kind enough to let me know as soon as possible, please, as these gentlemen will again be here during the month of August and if it is good I would like to work with them. Hoping to receive your reply at your earliest convenience, I thank you and remain,

Yours very truly,
Armand Lacombe,
St. Majorique, Cortéréal, County of Gaspé.

The contents of this letter are confirmed in the number of June 1, 1946, of the paper

Vers Demain, published at Beauceville-Est, Quebec, by "L'Union Creditiste des Electeurs de la province de Quebec."

In this number of June 1 of the said paper, I read on page 2 the following advertisement.

Pressure Cards.

Your federal member was in receipt of $4,000 a year of which $1,200 was exempt from income tax. He found himself badly paid. In the space of a few minutes he and his colleagues of Ottawa voted a bill to give themselves an increase of $2,000 entirely exempted from income tax. Your federal member, therefore, now receives $6,000 a year, of which $3,200 is free from income tax. Good for him but he should think of his electors. The electors are as much entitled as the member to live. Your member is selfish and has no heart if he does not claim with all the power and strength he possesses the exemption of income tax for every person whose revenue does not exceed $3,000. This is what you must tell him again and again.

Write now to your member to get your small income free from income tax. The office of *Vers Demain* has postal cards printed to express this demand. The only thing you have to do is to write the name of your member on one side and sign your name on the other. No postage stamp is required. Order these cards in great number and sell them around in your neighbourhood. Urge and have others urge your members with these claims for his electors.

Pressure cards, each $0 05
25 cards for 1 00

Address your order to
Union des Electeurs,
C.P. 71 Station Delorimier,
Montreal, P.Q.

This is as nearly as possible a translation of the advertisement published in the said paper, which is the official paper of L'Union des Electeurs. From the letter I read a few moments ago it will be seen that this organization has now placed commercial salesmen on the road to promote the sale of these post cards. In case some hon. members do not know the organization calling itself L'Union des Electeurs, I add that this organization is a cover name for the Social Credit party in the province of Quebec, the head of which is none other than the national vice-president of the Social Credit party, Mr. J. Ernest Gregoire, former mayor of Quebec city. I am informed that the cost of these cards can safely be estimated, if printed in great quantities, at approximately one cent each, including the material. Therefore, if one makes the subtraction from the price at which these cards were sold, one can realize that the net profit made on each card by this organization which is selling them in the province of Quebec to-day, is four cents. I feel it my duty to denounce this scandalous exploitation of the public, and I ask the Minister of National Revenue to tell this committee whether or not the Social Credit party, or L'Union des Electeurs of the province of Quebec, are making income tax returns, since it would appear that this party is running a profit-making enterprise in that province.

Mr. JAQUES: Where do you get your slush funds?

Mr. LANGLOIS: I know that my statement hurts my hon. friend, but he is not through with it yet. Every member of this house can easily see, by the number of cards he has received, how much this party has made by selling these cards to his electors, who in turn address them to him. I must also add that this house and the public in general expect from the leader of the Social Credit party some explanation of such conduct on the part of his followers in Quebec, and, most of all, his national vice-president, Mr. Gregoire. We also expect him to tell this committee whether or not he approves such conduct. As hon. members no doubt have noticed, the last paragraph on the post card to my mind contains a threat to elected members of this house. The paragraph in question reads as follows, and I shall translate. This is addressed to the members of this house:

And please take notice that if you do not proceed with rapidity and tenacity I shall be obliged to refuse to vote for you at the next election.

I beg to refer the committee to paragraph 201, Beauchesne's Parliamentary Rules and Forms, 3rd edition, on page 85, which reads:

In the Commons, on the 12th April, 1733, and on the 1st June, 1780, it was resolved that it was a high infringement of the privilege of the house, a crime and misdemeanour, to assault, insult or menace any member of the house, in his coming or going from the house, or upon the account of his behaviour in parliament; or to endeavour—

I underline this.

—to compel members of declare themselves in favour of or against any proposition then depending, or expected to be brought before the house.

I might add that the electoral instructions also contain a similar disposition. I submit that L'Union des Electeurs, or the Quebec Social Credit party, are guilty of this infringement on the privileges of members of this house. The leader of the Social Credit party cannot pretend that this was done by members of his party who are not in authority, because it was done by the head of L'Union des Electeurs, who now acts as his righthand man, being vice-president of his party for Canada.

Mr. McMASTER: Paragraph (d) refers to allowances under this act, and provides an exemption of $100 for each child in respect to which an allowance under the Family Allowances Act was or might have been paid in

respect of the last month of the taxation year, and so on. Does that mean that anyone receiving the family allowance can receive it for eleven months and still claim an exemption of $300?

Mr. ABBOTT: The rule is that you look at the taxpayer's status, as far as children are concerned, at the end of the taxation year. If he has a child which is eligible for family allowance at the end of the taxation year, then this section applies and he gets the exemption of $100. That will work both ways; it is bound to.

Mr. McMASTER: It cannot work both ways. If the child is born on January 2 he will get one month's family allowance and also the $300.

Mr. ABBOTT: What I meant is that if a child is born in December it becomes eligible for family allowance in that year, and that determines the taxpayer's status for that year. Had the child been born in January he would have had no tax exemption at all for the child in that previous year.

Mr. JACKMAN: Might I ask for an explanation as to why paragraph (d) says if a child is "wholly dependent" upon the taxpayer for support, while in paragraph (e) the words are "dependent upon the taxpayer". What is the meaning of that phrase, "wholly dependent"? If I can understand the English in which the income tax act is drafted I take it to mean that while the parent will get the family allowance—and by the way, I understand the family allowance is not taxable?

Mr. ABBOTT: That is correct.

Mr. JACKMAN: Then we finally have that straight, because I hear a good many contradictory opinions on it.

Mr. ABBOTT: The family allowances are not taxable.

Mr. JACKMAN: The taxpayer is allowed an exemption of $100 for each child. Then in the other case you have the words "wholly dependent".

Mr. ABBOTT: Under paragraph (d) it is a statutory exemption for children wholly dependent upon the taxpayer. Under the following paragraph, (e), it is an amount actually expended up to $100, and there the word "dependent" is more appropriate. Of course this does not only cover a child; it includes parents and grandparents.

Mr. JACKMAN: What is the purpose of paragraphs (d) and (e)?

Mr. ABBOTT: Paragraph (e) covers not only children of the taxpayer; it includes children other than those of the taxpayer and collaterals, brothers and sisters, daughter under twenty-one years of age training as a nurse, and so on.

Mr. JACKMAN: The exemption provisions are the same with different classifications, different definitions?

Mr. ABBOTT: Yes, except that under paragraph (e) an amount not exceeding $300 must be expended for the support.

Mr. JACKMAN: What happens in the case of a child who under a will is in receipt of a few hundred dollars? First of all, does the child become entitled to family allowances?

Mr. ABBOTT: Yes; it is the parent who receives the family allowance.

Mr. JACKMAN: That would happen in any case.

Mr. ABBOTT: Yes.

Mr. JACKMAN: Under the ruling as it exists at the present time, I believe that if a child receives an independent income of $400 or more, there is no allowance to the parent.

Mr. ABBOTT: I believe that is correct.

Mr. JACKMAN: With all these changes one only learns how the law operates when changes are made in a subsequent year. It is difficult to keep up with these changes in detail. What is the situation now of a child who has an independent income? How much must it be before the parent loses $100, or does the parent get the $100 exemption.

Mr. ABBOTT: There is no change in that respect. The same rule applies, namely that a child with an independent income of, I believe, $400 is not considered as being dependent upon the taxpayer. There is no change in that respect.

Mr. JACKMAN: The dividing line is $400; is that correct?

Mr. ABBOTT: Yes, $400.

Mr. McMASTER: This may work the other way. I have in mind the case of someone who is helping a child that is not his own. If it happens that during the last month of the year this was a child which could have received family allowance, then the adopting parent will receive only $100 exemption, instead of the $300.

Mr. ABBOTT: Correct.

Mr. McMASTER: It will not be adopted then, until after the first of the year.

Mr. ABBOTT: That seems reasonable and businesslike.

Mr. McMASTER: Kind of hard on the child.

Mr. CASE: I understood the minister to use the expression "the amount actually expended," but the word "actually" does not appear here. It does refer to an amount not exceeding $100.

Mr. ABBOTT: That was just my language.

Mr. CASE: But by the use of the word "actually" it would mean that the taxpayer must prove that he has expended this money.

Mr. ABBOTT: That is not the case. I should not have used the word "actually," certainly not to be intepreted in that sense.

Subsection 2 agreed to.

On section 4, subsection 3—Certain pension payments.

Mr. MACDONNELL (Muskoka-Ontario): I should like to ask the minister a question on this subsection. I understand it is based on resolution 26.

Mr. ABBOTT: Yes.

Mr. MACDONNELL (Muskoka-Ontario): I am having some difficulty in making it hang together grammatically. Could the minister explain it to me?

Mr. ABBOTT: I made an explanation on resolution 26. Has the hon. member a specific question?

Mr. MACDONNELL (Muskoka-Ontario): Would the minister just read the thing through?

Mr. ABBOTT: While I had thought that the word "proportion" in the first line should be "portion", I am advised by my officials that the word "proportion" is the correct one. The paragraph reads:

(h) that proportion of a payment out of an employees' superannuation or pension fund or plan the investment income of which has been exempt from taxation under this act by reason of an election for such exemption by the trustees or corporation administering the fund or plan

(i) that the aggregate of the amounts paid by the employee into the fund or plan during the period when its income was exempt by reason of such election is of the aggregate of all amounts paid by him into the fund or plan; or

(ii) that the aggregate of the amounts paid by the employee into the fund or plan during the period when its income was exempt by reason of such election together with simple interest on each amount so paid from the end of the year of payment thereof to the commencement of the superannuation allowance or pension at three per centum per annum is of the aggregate of all amounts paid by him into the fund or plan together with simple interest as aforesaid on each amount so paid, whichever is the greater.

That means whichever proportion is greater. I admit is it complicated, and I find some difficulty in following it. But it was carefully drafted by the officials in the Department of Justice, and I am advised that it gives full effect to the resolution.

Mr. MACDONNELL (Muskoka-Ontario): Perhaps it was the minister's excellent reading which has made me understand it better. I understand that it goes right back to the word "proportion".

Mr. ABBOTT: Yes, that is correct.

Subsection 3 agreed to.

Subsections 4 and 5 agreed to.

On section 4, subsection 6—Repeal.

Mr. McMASTER: Is there a paragraph (i) still in subsection 5?

Mr. ABBOTT: Paragraph (i) is no longer in the section.

Mr. MACDONNELL (Muskoka-Ontario): We thought three discretions had been taken away, and it is only two. Why is there this reversal?

Mr. ABBOTT: Those are spent provisions. They are no longer of consequence, and they are being repealed.

Subsection 6 agreed to.

On section 4, subsection 7—Unusual medical expenses.

Mr. CASE: This subsection would appear to be a complete reversal of what we have been accustomed to in the past.

Mr. ABBOTT: No.

Mr. CASE: If I am interpreting it correctly, I am certainly in favour of the subsection as it now stands. But it would seem that we are going to allow an individual taxpayer exemption up to a certain ceiling for the cost of medical services he can prove by vouchers.

Mr. ABBOTT: There is no change in the law. We are simply substituting "paragraph (c), (d) or (e) of this subsection" for the words "rule 5 of section 1 of paragraph A of the first schedule to this act". We do that because we are now incorporating into the act provisions which were formerly included in the rules. There is no substantive change in the law.

Mr. CASE: The subsection properly interpreted means that the taxpayer receives an exemption up to $900, if married, and $150 for each dependent child, for medical services, dental services, nursing care, hospitalization and the like. Is that correct?

Mr. ABBOTT: The subsection, so far as exemptions are concerned, is exactly the same as it has been for the last year or two, under section 5 (1) (n). That section states that "income" shall be subject to the following exemptions and deductions; and these are the deductions under (n):

That portion of medical expenses in excess of four per centum of the income of the taxpayer incurred and paid either by the taxpayer or his legal representatives—

Within certain periods. Then there is the provision which we have here, stating that if payment is made to a medical practitioner, dentist or nurse, and so on.

Mr. CASE: That is where they are wrong. I say the taxpayer should receive consideration for the amount of medical expenses he actually expends up to a certain ceiling, in order that he would obtain receipts or vouchers for the amount he might pay his doctor, dentist or hospital. This should be given consideration because, as the subsection now stands, there are very few people who will benefit in any sense of the word.

The small income earner will suffer most, the one who probably has a fair-sized family. He does not expend an amount of money which would bring him within the exemption. I do not know why the department could not consider reversing the provision entirely, so that an individual would receive exemptions for medical and dental care, and for hospitalization, up to a certain ceiling for a married person, with so much for each dependent, and also a certain amount for a single person.

Mr. ABBOTT: I commented on this at some length a year ago when the provision was first inserted. The hon. member will notice that the wording in the statute is "unusual medical expenses". It was never considered appropriate that a man should deduct from his income the amount of his ordinary medical expenses; that is part of the expense of living. But is was felt that in cases where an individual was put to expenditure entirely beyond the ordinary amount of medical expenses, some relief should be given by permitting that excess to be deducted from income; and it was thought that, broadly speaking, four per cent of a man's income was a not unreasonable amount to treat as normal medical and dental expenses to which one would be put. This provision has been in the law for some time, and I think it is based on sound principles.

Mr. CASE: Of course no act is perfect. I do not know that my formula would improve the situation, but I am sure the minister will agree that the present act lends itself to considerable fraud. I am speaking from some knowledge when I say that certain fees are settled for certain amounts if no receipt is given. That is to say that the practitioner who is being paid does not have to show that in his income. I am indicating that if every taxpayer insisted on a receipt, with the thought in mind that he would have consideration up to a certain amount, you would have some method whereby you could verify receipts and expenditures. With this method, as the average person does not expect to reach the allowable amount, he does not get receipts; maybe he should. I am speaking of a means which I think might be employed to the advantage of all and would still result in the same amount of revenue for the government.

Mr. FLEMING: There are two matters to which I should like to draw the attention of the Acting Minister of Finance. I was bold enough to put them before the Minister of Finance last fall; I hope the acting minister will be a little more receptive than the minister was then. My points relate to unusual medical expenses. That expression "unusual medical expenses" means, not unusual in nature but unusual in amount—

Mr. ABBOTT: That is right.

Mr. FLEMING:—because ordinary medical expenses are naturally included in making up the amount in excess of four per cent of income.

The first of the things which I think ought to be included among medical expenses are drugs prescribed by physicians where the prescription is filled by a druggist. As matters stand at the present time, if the physician himself fills the prescription, supplies the drug or medicine and simply adds it to his bill, the department allows the amount along with the medical service as a medical expense. If, however, the physician writes a prescription and the patient takes the prescription to the drugstore and has it filled there, the amount paid the druggist for the drug or medicine is not allowed. I contend that is an anomaly which ought to be corrected. I cannot see any justification for it in principle. As I understand it, the reason given by the department hitherto is that it is difficult to administer, that you might have frauds perpetrated by taxpayers acting in concert with druggists. Surely the danger is no greater than that of taxpayers working in combination with physicians, for that matter.

Mr. ABBOTT: There are a lot more drug stores, though.

Mr. FLEMING: Well, more should be considered than the convenience of the department in administration. Regard should be had to the equities, to giving fair play to the taxpayer, and just because a man happens to reside in a city where a physician does not fill his own prescriptions is no reason why he should be deprived of the benefit given by this section as regards his expenditure on drugs and medicine. It might run to substantial sums; yet he gets no consideration for it at all. If he happens to live in a part of the country where the physician fills his own prescriptions he gets the allowance in full. I submit that is an injustice.

The other point I should like to put before the minister is this. At the present time the section as amended in 1945 permits the inclusion in medical expenses of the salary and wages of an attendant of a person who is an invalid, and—

> . . . an amount expended on an artificial limb, a spinal brace, a brace for a limb or an aid to hearing for the taxpayer, his spouse or any such dependent.

I want to urge on the minister that aids to seeing be included just as are aids to hearing. There is no distinction in principle between them. That would include glasses in all forms, and everybody knows they can be very expensive. Why should aids to hearing be allowed and yet aids to sight be disallowed? In that regard I think the department ought to include artificial eyes. Why in the one case should an artificial limb be allowable, whereas an expenditure, which might be quite substantial, on an artificial eye is not allowed? I submit an injustice is done there and it ought to be corrected.

Mr. ABBOTT: I will take a note of my hon. friend's representations. As he knows, they have been made on a number of occasions by himself and others.

Mr. MacINNIS: I was wondering whether the minister would give an example of what "unusual medical expenses" are as interpreted in the administration of the act. Would he give me a case of what is considered an ordinary medical expense and what would be considered an unusual medical expense?

Mr. ABBOTT: As the hon. member for Eglinton has pointed out, what is meant by "unusual" is, unusual in amount. Four per cent of the income is considered ordinary or usual, normal medical expense; but when the medical attention is of such a nature that the expense is in excess of that amount it is considered as being unusual medical expense, beyond what would ordinarily be expended in the normal course of events.

Mr. HACKETT: Will the minister say if these chairs which are used by paraplegics are included among the equipment for which a deduction is allowed? The minister knows of the work which has been carried on, and how essential this implement is to persons who are afflicted with paralysis below the hips. The use of the chair requires an education of some months, and it really has taken these men from their beds and placed them afoot and enabled them to carry on useful occupations.

At the same time I should like to associate myself with the hon. member for Eglinton in what he has said about an allowance for artificial eyes and aids to sight.

Mr. ABBOTT: I am advised that no claim has ever been made for this particular type of aid. It sounds as though it were really a type which should be included, and I would hope that it would be specifically included here, but my colleague the Minister of National Revenue and the deputy minister tell me that no claim has ever been made.

Mr. HACKETT: I can readily understand that. The minister knows better than I the work which is being carried on by this society in several of the provinces. It is organizing to do work through all the provinces, and what it is achieving in the way of regeneration is truly remarkable. People who are absolutely bedridden and incapable of even dressing themselves have, with training and the aid of this device, become capable of entering active life again. If the minister will take a note of it, it might be possible to do something.

Mr. ABBOTT: I will indeed.

Mr. McKAY: A deduction is allowed from income tax on account of unusual medical expenses paid to a medical practitioner. Does this include expenses for treatment given by chiropractors and osteopaths who are registered under provincial laws? Does it also apply to payments to registered optometrists and opticians?

Mr. ABBOTT: I understand that it has to be a payment to a qualified medical practitioner or dentist and I think that optometrists, chiropractors and osteopaths are not included.

Mr. ZAPLITNY: Does it include Christian Science healers?

Mr. ABBOTT: No.

Mr. FLEMING: Referring to the minister's answer regarding optometrists and opticians, as I understand the rulings of the department payment for the services of an optometrist in making an eye examination is allowed as a

deduction from income but not the fee paid the optician or optometrist for filling the prescription which follows the examination. That again emphasizes the anomalies that exist as the section now stands and perhaps to some extent in the administration as well. Where do you find a distinction in principle between medical expenses for the services of an optometrist in making an eye examination and expenses for services in filling the prescription which follows to correct some error in refraction? Surely we have to have regard for fair play in matters of this kind. Is that not an anomaly that would shock the common sense of the man on the street? I cannot see any distinction in principle there. It may facilitate administration to eliminate expenses of that kind, but to many taxpayers it adds a considerable burden, and surely there is no distinction in the cases I have cited between the fee which is allowed and the fee which is disallowed.

Mr. ABBOTT: Sometimes it is difficult to draw the line. However, the charges will seldom exceed four per cent of the taxpayer's income. This is to provide relief where a man goes through a long illness or an expensive operation or a long stay in hospital. A man who gets an eye examination by an optometrist, even if it were expensive, could not avail himself of the relief provided under this section.

Mr. FLEMING: Does that not emphasize the reasonableness of including optometrists and opticians? The minister admits that it will apply only in cases where a man's medical expenses exceed four per cent of the income. If, in addition to an expensive illness, a man has to pay for the services of an optometrist or optician he should be allowed these expenses. To include them would afford him relief and correct anomalies that are patent.

Mr. McKAY: Would the minister explain, if he can, why treatment by medical practitioners does not include an osteopath who has had five years' training and is registered under provincial law and a chiropractor who is also registered under the same law?

Mr. ABBOTT: Let me correct what I said before. I am informed that osteopaths and chiropractors are included if they are qualified under the provincial law.

Mr. FRASER: And chiropodists if they are registered?

Mr. ABBOTT: That is correct, if they are entitled to practice under the law of the province.

Subsection 7 agreed to.

[Mr. Fleming.]

On section 4, subsection 8—Subsistence allowances.

Mr. ABBOTT: The only change here is that in the allowances of permanent Canadian naval, military or air forces receiving the new rates of pay are not exempt under the war-time exemption provisions.

Subsection agreed to.

On section 4, subsection 9—Deferred maintenance and repairs.

Mr. PROBE: There is a situation which should be drawn to the attention of the minister, which perhaps was not intended when it was first decided to give income tax relief on deferred maintenance account. The fact that corporations are now spending large sums of money in improving plant and equipment because of the relief granted to them in the payment of excess profits tax is creating double bidding for construction supplies and personnel engaged in the construction industry. The minister should seriously consider changing the regulation whereby deferred maintenance must be carried on in the period laid down by the act. Can the minister give the committee some indication of the amounts that have been permitted by way of exemption on deferred maintenance account from 1941 to 1946? I think that is tied up closely with the present scarcity of building materials and skilled craftsmen.

Mr. ABBOTT: We have no figures on that. The section is not yet operative, because the period in which this deferred maintenance is being carried out and carried back to a previous year has not yet been designated. The committee will recall that the period within which this work must be done is a period to be designated by the governor in council, and because of the very situation to which the hon. member has referred, namely, a shortage of labour and supplies, it has not yet been felt advisable to designate that period. Whether it will be six months or a year from now it is not possible for me to say. The original thought was that after the war there would be need to stimulate building, the making of repairs and so on, that labour and materials would be available and that the work which was necessarily deferred in 1942, 1943 or 1944 could be carried out in 1946, and then a portion of it charged back to the period in which the work might properly have been carried out. But conditions have not yet been such that it has been thought advisable to designate that period.

Mr. PROBE: Then there is no relationship between this provision and what looks to the casual observer as a large industrial replacement programme?

Mr. ABBOTT: Any industrialist who feels obliged to do maintenance work now will lose the benefit of this section.

Mr. PROBE: My theory would be absolutely wrong on that basis.

Mr. ABBOTT: My hon. friend was mistaken as to the fact that it is not yet in operation.

Mr. PROBE: I felt there should be some regulation by which unnecessary deferred maintenance could be further deferred.

Mr. ABBOTT: That has been accomplished by not yet designating the period.

Mr. McMASTER: I opposed this in the resolution stage, and I recall that the hon. member for Stanstead referred to certain corporations which were operating during the war at a loss.

Mr. ABBOTT: I believe that was on double depreciation and not on this section. This is the deferred maintenance section. I am not sure, but my recollection is that the question was put by the hon. member for Stanstead on double depreciation.

Mr. McMASTER: There is another clause dealing with this?

Mr. ABBOTT: Yes.

Mr. McMASTER: If it means anything, I should think the minister has certain powers to allow deductions from income excess profits tax. Is that not the case where they go on and do something at the present time and allow deductions?

Mr. ABBOTT: This section cannot operate for any work which is done at the present time. The only benefit which can be obtained from the deferred maintenance and repairs provision here is work done in a period yet to be designated.

Mr. McMASTER: What kind of work? Maybe I can find out what it means and then discuss it.

Mr. ABBOTT: It might be reconstructing a brick wall in a plant; it might be putting in new tubing or boilers, or putting in all kinds of equipment which would be the normal repair and maintenance work during the war years, but which, because of shortage of labour and materials, could not be done at that time.

Mr. McMASTER: The minister will recall that at that time I said there was always a depreciation allowance in their hands in actual cash. The corporation that had no excess profits and no profits would have no depreciation.

Mr. ABBOTT: I have had this same discussion with my hon. friend before. These would have been current operating charges in the year. They were not items which could have been charged to depreciation account. They would have been current maintenance expenses, which are operating charges and are different from replacements and capital expenditure which could have been charged to depreciation account.

Subsection 9 agreed to.

On section 4, subsection 10—Provincial taxes on mining or logging.

Mr. ADAMSON: As the minister may or may not remember, on the budget resolutions I moved an amendment to resolution 11, which was accepted by himself and by the house. Subsection 10, paragraph (w), which is new, reads, and I will put it on the record for the purpose of clarification:

> Subsection 1 of the said section 5 is further amended by adding thereto the following paragraph:
>
> "(w) Such amount as the governor in council may by regulation allow in respect of taxes paid to the government of a province on income derived from mining or logging operations in the province."

I moved an amendment, which was accepted, to include all mining and logging operations whether they were the principal operations of the corporation or not. In other words, my amendment, which was accepted in connection with resolution 11 of the ways and means resolutions, meant that a corporation operating a mine could get a reduction from federal taxation for the taxes paid to the province for the operation of the mine, even though the operation of that mine was not the principal business of the corporation. So far so good. In many provinces mines are operated on a royalty or fee basis. I wish to clarify the act a little bit in my own mind and, I hope, in the mind of the committee by jumping from here to section 5, subsection 2, paragraph (o) on page 17 of the bill. The marginal note is: "Deduction not allowed except tax on mining or logging operations". Let me read paragraph (o):

> Any corporation tax paid to the government of a province except any such tax the deduction of which may be allowed by the minister as a royalty or rental on natural resources in the province.

It seems to me—and I should like to have the minister's opinion on this—that these two clauses conflict. In the clause before us you

get the reduction, irrespective of whether it is on a royalty basis or a fee basis, irrespective of what tax is paid to the province. But in paragraph (o) on page 17, you are taxed on royalties. I do not want to jump ahead, but it appears to me, on reading the act, that these two clauses conflict.

Mr. ABBOTT: No; they are not in conflict. Paragraph (w) of subsection 1 of section 5 of the act allows deduction from taxes paid to the government of a province on income derived from mining or logging operations—that is, provincial income tax as such. When we come to paragraph (o) of subsection 1 of section 6 of the act, that relates to corporation tax other than income tax except royalties or rentals on natural resources which are deducted. I assure my hon. friend there is no conflict between the two. Under the first section, provincial income tax on that particular kind of income in the province, which to-day ordinarily is not allowed, will in future be allowed, and royalties and rentals on natural resources which have always been allowed will continue to be allowed under paragraph (w). The new section is paragraph (w), which we are now considering. In the past, provincial income tax was not allowed as a deduction in the case of logging and mining companies. In the future it will be, and royalties and rentals always were. That is preserved.

Mr. ADAMSON: I wanted to get that clarified because I was rather worried lest royalties were not going to be considered as direct taxation paid to the province.

Mr. ABBOTT: It is not the intention to interfere in any way with the revenues derived by provinces from these natural resources. That is the purpose behind these two sections.

Subsection agreed to.

Subsection 11 agreed to.

On section 4, subsection 12—Reduction of deduction.

Mr. FRASER: During the last week I have come in contact with a number of people who do not seem to understand this subsection. Just to-day I discovered that a married woman in one of the departments of the government told her chief that she would have to quit, owing to the fact that any money she made would be deducted from her husband's income. I think the minister should explain the subsection. The way I explained it to this woman was that if she had $1,000 income and her husband had $1,500 they would have $2,500 between them and the exemption would be $1,500 altogether. On her income she has a deduction of $750, whereas she had a deduction of only $660 before. Therefore she is better off now.

Mr. ABBOTT: My hon. friend is quite correct. Each would file a return and each would claim $750. The woman would pay at the rates of $250 and the husband at the rates of $750.

Mr. FRASER: People across the country do not seem to understand that.

Mr. ABBOTT: My hon. friend is quite correct in the statement he has made.

Mr. JACKMAN: First of all, I should like to say that this section is one of the worst sections in the present budget and one which will materially affect the amount of labour and services which are likely to be provided during the next year. What I wish to point out is that when the wife's income reaches $750 the husband is treated as a single man and gets a straight exemption of $750 instead of the marital exemption of $1,500. If paragraph (a) and not paragraph (b) were carried out, then if the wife earned $750 the husband would have $500 taken from his $1,500, which would give him an exemption of $1,000; whereas under the application of paragraph (b) the husband's exemption drops immediately from $1,000 to $750, when the wife earns $750 and not $749.

Mr. ABBOTT: That is correct.

Mr. JACKMAN: It seems to me that that is an unfair law which makes such a difference. I have calculated the tax as follows: If the wife earns $750 instead of $749 there will be a tax of—

Mr. ABBOTT: It makes a difference in the exemption of $250.

Mr. JACKMAN: Yes. Would the minister explain why paragraph (a) is not carried through instead of paragraph (b), which gives this radical step rather than giving a gradual adjustment which takes place under paragraph (a)?

Mr. ABBOTT: Because it was not practical or desirable to do it dollar by dollar and the $250 unit seemed the appropriate one.

Mr. JACKMAN: I find that if the wife earns $1,000 that reduces the husband's exemption to $750 rather than the $1,500 and the wife is also taxed on the $250 additional, The result of the tax operation on the wife's income and on the husband's exemption is that the tax on that $500, which is the difference between $250 which would be free to the wife and the $750 which she earns, bringing her up to the taxable bracket and the husband

into the single exemption bracket, would be $235, or a rate of 31·3 per cent on the $750 which seems to be extraordinarily high and undoubtedly will result in fewer people working than would otherwise be the case.

Mr. ADAMSON: I wish to point out to the minister that one of the serious results which will follow from this clause is that a great number of the most efficient members of the stenographic staff of the house may seek employment elsewhere or do nothing, and I assure him that is a serious matter.

Mr. ABBOTT: That may be. This feature was introduced into our income tax structure as a wartime measure and as a measure to induce women to work in war plants and war activities under the high war-time rates of tax; but now we are going into the peace-time period with reducing rates of tax. It was never intended to be a permanent part of our income tax structure and it is not a permanent part of the income tax structure of other countries. As I pointed out when we were on the resolution stage, if a married man in the United States wants to take the benefit of the married exemptions he must include his wife's income with his own for purposes of filing a return, and that is much less favourable than this provision.

Mr. FLEMING: I should like to put two cases before the minister illustrating the way in which this section is going to work out. Take the case of the husband who earns $1,500 and the wife $749. The husband's deduction would be reduced by $449 out of the $749. He would then pay income on $1,001, as I understand it. But if the wife earned $1 more, namely $750, then the husband will lose the benefit of the full $750 deduction. Surely there is an anomaly there. If you are going to make a difference of $251 in the result as respects deductions from the husband's income when the wife earns that $1 more, being the difference between $749 and $750, it does not seem right.

Mr. ABBOTT: I think the correct interpretation is that the extent to which the wife's income runs over $250 is deducted from the husband's exemption, and that continues to the point where the husband and the wife each have an exemption of $750, or are treated as single persons for income tax purposes.

Mr. FLEMING: The minister has not dealt with my point. Take the case I put. When the wife is earning $749 on this basis the husband is entitled to $251. But when she earns $750 the husband loses the whole deduction. Because the wife earns one more dollar it costs the husband $251 in deductions.

Mr. ABBOTT: In the case that my hon. friend has mentioned the husband's original exemption of $1,500 would be reduced by $499.

Mr. FLEMING: Yes, but if the wife earns one more dollar it is reduced by $750, not $500.

Mr. ABBOTT: That is right.

Mr. FLEMING: If the wife earns one more dollar in addition to the $749, it costs the husband $250 in deductions.

Mr. ABBOTT: That is correct.

Mr. FLEMING: Surely that is an anomaly and an injustice.

Mr. STUART (Charlotte): I wish to speak briefly on this item, since I feel that it will adversely affect practically every industry in the county I represent. In the canning industry a great portion of the work has always been done by women, to the extent that one-half of the people employed in the canneries to-day are women, and quite a large proportion are married women. This work cannot be done by men. To-day the production of food is one of the major problems confronting the world, and I believe that this regulation will have a tendency to curtail production at a time when every effort should be made to increase it, particularly canned goods, since they can be shipped to any part of the world where people might be faced with starvation or famine.

If this change would result in taking married women out of jobs that could be filled by war veterans and married men seeking employment I would support it 100 per cent, but that is not the case in the three large industries in the county of Charlotte, all of which will be affected by this measure. I speak particularly of the canning industry, which, as I said before, employes hundreds of married women. I would refer also to Canada Cottons at Milltown, Charlotte county, and Ganong Brothers; and there are many smaller industries engaged in the smoking, skinning and so on of herring, particularly on Grand Manan island, where a great many of the girls and women employed are married.

My argument is that from the point of view of revenue I feel confident this regulation will be responsible for a loss rather than any gain to the government. Take, for example, a married woman employed in the canning industry in which, as I have already said, much of the work can be done only by women. Let us say she is able to make $5 a day,

which many of these women are earning in the canneries at the present time. I am sure the proposed tax would not be more than $2. Under ordinary conditions this same woman can pack twenty-five cases of sardines a day. The wholesale value of twenty-five cases of sardines would be not less than $150, on which the sales tax would be $12. Suppose this woman refuses to work owing to the increased taxes. This government, by insisting on the collection of $2 in income tax, will lose the $12 in sales tax. I can assure the minister that this condition will exist in Charlotte county when this regulation goes into force, and it would appear to me to be exactly the same circumstances in which the dog found himself when he reached for the shadow and, in doing so, lost the bone.

Since I do not believe in criticizing without suggesting some solution, and while this is perhaps an unusual case, I would suggest that married women engaged in seasonal work or on piecework be exempt from this regulation. My reason for suggesting this exemption is that married women doing this type of work are in a position to regulate their earnings to coincide with the exemptions set out in the regulations, and without doubt it will be responsible for a great reduction in the production of necessary food and other commodities much needed at the present time.

Another matter was brought to my attention only this evening by a gentleman from my own county whose wife is a schoolteacher. She had agreed with the school board in the town of St. Stephen to teach during the coming term, owing to the scarcity of teachers all over that province. When this regulation was announced in the press she went back to the school board and told them she would not teach. I am told that at the present time they are looking everywhere for schoolteachers. I know the same condition existed in New Brunswick during the war, when we had perforce to get married women to go back into the schools, and I feel that this regulation will have an adverse effect in that direction also, for I am sure that many schoolteachers who are also married women will refuse to work under these conditions.

Mr. McMASTER: I would suggest to the minister, as I intended to do on the resolution but did not, that the exempted $250 be applied only to investment income, and that the exempted income from earnings be increased to $500. I believe that would overcome the objections raised by the last speaker and would overcome the objection in the cities where women go out for cleaning and other work which takes only part of their time but which is absolutely essential. I believe there should be a difference in the treatment given investment income and that given income earned by hard work, and I think if the minister would accept this amendment it would overcome many of the objections to this regulation.

Mr. ABBOTT: The $250 is to cover any kind of income, whether investment or earned, but over that figure the exemption of the husband is reduced proportionately. I do not believe we would be justified in making a distinction over $250 between an earned income and investment income.

Mr. McMASTER: There is a great deal of distinction in actual life between the person who gets three per cent on $8,000 and the woman who goes out and slaves at cleaning and other manual work.

Mr. FRASER: Previously the minister said this exemption was introduced during the war in order to encourage women to work. Is the present regulation being put in now to discourage them from working?

Mr. ABBOTT: No. It was an exceptional provision, one which would not normally be part of an income tax structure and one which really cannot be justified on the ground of fairness as between different taxpayers. It was put in as a bit of bait, if I may use a somewhat vulgar phrase, but it is not a fair provision as between all taxpayers in this country, and should not be part of a permanent income tax structure. That is the point I am making.

Mr. FRASER: Under the set-up in 1947 there will be a difference of only $180; that is how much better off they would be if they were each earning incomes of $750, or $660 as it is at the present time. They would gain $180; but when you apply this $250 clause and the married woman earns just $750, in 1947 she will be away in the hole in comparison with her position at the present time. It makes a big difference. There is a difference of $410 between the $250 and the $660.

Mr. ABBOTT: It is true there will not be the same tax incentive; there will be more taxes to pay, but the joint exemption under the act in certain cases could go up almost to $2,500.

Mr. FRASER: How do you get that between the two of them, when the exemption is only $660 each?

Mr. ABBOTT: Well, I am sorry; it is $1,860.

Mr. JACKMAN: I just hope the minister will look at the advertisements put out by his

colleague the Minister of Labour under the Unemployment Insurance Act. I am sorry I have not a copy of one which I clipped when this item was first announced, showing the number of women who were wanted to fill various positions as compared with the number of men. I think in that small advertisement covering some twelve or fifteen inches there must have been four or five hundred women wanted for various occupations, whereas the number of men wanted was only two or three hundred.

Mr. ABBOTT: We have always advertised for women, but we did not give them tax exemption.

Mr. JACKMAN: I am saying there is a greater shortage of women to fill various positions than there is a shortage of men, and certainly this clause is an example of non-incentive motives in this budget. The minister has not made this change in the regulations so much from the point of view of income, I believe, as to have what he calls his ideal in fairness. I find many people complaining of this dog-in-the-manger attitude. There are many cases where the wife has no obligations, or her children are grown up, or she has no children, and she is quite prepared to work. But under this change which the minister is proposing the minimum tax on the family unit which will result from the wife's earning over $250 is 25 per cent, and from there it goes on up.

Mr. ABBOTT: It is 22 per cent.

Mr. JACKMAN: It is about 25 per cent, if the minister will look into it.

Mr. ABBOTT: The starting rate is 22 per cent.

Mr. JACKMAN: All right, call it 22 per cent, if you wish. It will rise up to almost any figure, even up to 80 per cent, which is unreasonable—as also is the 22 per cent. But what I am saying is that if we are interested—

Mr. CRUICKSHANK: We cannot hear the hon. member. Is he holding a party conference?

Mr. JACKMAN: Then I shall speak up so that the hon. member for Fraser Valley can hear me. If the government is interested in defeating inflation, surely what it must get is production of more goods and services. This section will eliminate from the labour supply of Canada literally tens of thousands of people who are willing to take either full-time or part-time work. By accepting this section we are therefore more likely to have inflation and to defeat price control than we would if we did not make the change now proposed. I therefore suggest to the minister as strongly as I can that consideration be given to leaving the legislation as it is. It was changed in order to bring about war production, and I have not yet heard that we do not need production in this country.

Subsection 12 agreed to.

On section 4, subsection 13—Interest on borrowed moneys.

Mr. ABBOTT: I have some minor amendments to this subsection.

Mr. McCANN: I move:

That sub-clause 13 of clause 4 be amended:

1. By inserting the words "or within twelve months thereafter" after the word "year" in line 8 of page 14 of the bill, and after the word "year" in line 27 of page 16 of the bill;

2. By inserting a comma and the words "articles of association or by-laws" after the word "charter" in line 46 on page 16 of the bill.

Mr. JAENICKE: I do not think the amendments have much effect on what I was going to say in connection with the new subsection 8, or subsection 13 of the bill. If I interpret the section correctly, I believe I can say that we in this group appreciate the slight concessions made by the government since this piece of legislation was in the resolution stage. However, we do protest that even part of the savings made by a cooperative for its members should be taxable, whether it is paid out or deferred.

I mentioned in my opening sentence that, if I understood the interpretation of this section correctly, we appreciated it. In that connection I may say, however, that while I believe I have a reasonable capacity for the interpretation of a statute, yet I find not only this section but all sections dealing with cooperatives very difficult to interpret. As a matter of fact, I do not know whether I have it right now.

Mr. STIRLING: Nobody does.

Mr. JAENICKE: It is also singular that, although every other subsection has a marginal note, this one has none. It seems to me that the minister is afraid to comment on this section dealing with cooperatives.

Mr. ABBOTT: All we could have said was that the subsection was new. That is the marginal note used for a number of others.

Mr. JAENICKE: Instead of asking the minister questions, I shall read to him my interpretation of the section, in my own language. Following that, he can tell me whether or not I am right. This is the way I interpret it: That there may be deducted the aggregate of the payments made to his customers, or

patronage dividends as we call them, in proportion to the patronage (1) if they are made within the taxation year; (2) if they are made within twelve months after the taxation year, and (3) if they are made within the year or, under the new amendment, within twelve months after that year in respect of a previous year which has not been previously deducted, and upon which the association has paid taxes; but if allocation is not made in proportion to patronage in respect of all his customers at the same rate—in other words, allowing a co-operative to discriminate between members and non-members—then the surplus of business done with non-members is taxable. Is that the correct interpretation?

Mr. ABBOTT: I think that is quite correct.

Mr. IRVINE: Why does it not say that, then?

Mr. STIRLING: I would draw to the minister's attention at this stage a statement by the secretary of a group of cooperatives, and ask if it is correct:

Again I believe Mr. Ilsley when he introduced the resolutions said they would apply to all organizations ending their fiscal year in 1946.

Two of our producer cooperatives end their fiscal year on January 31, which means they will be liable to taxation on their business done from February 1, 1945.

Is that correct?

Mr. ABBOTT: Section 4 (p) is not repealed for the 1946 period, and the new section permitting the deduction of patronage dividends comes into effect for the year 1946. If these cooperatives have been acting, as I have no doubt they have, in good faith, on the "good faith" principle enunciated by the minister in his budget speech, they can rely on section 4 (p) as it now stands for the period referred to up to February 1, 1946. From then on they can rely on the new section which permits of patronage dividends distributed in 1946.

Mr. STIRLING: And on the business done in 1945 the present arrangement will not count?

Mr. ABBOTT: The new arrangement will not count. They will be protected by the good faith principle on 4 (p) as it now stands.

Mr. STIRLING: Then may I come to this next question:

The position of consumer cooperatives is rather different—

He has been dealing in his letter with producer cooperatives.

—and I am asked to call to your attention that in their case surplus from trading operations paid or credited to members or non-members is not profit at all, but a saving on cost of the necessities of life and production, which only touches their individual liability to pay income tax in so far as it may in some cases reduce expenses of production and so slightly increase their taxable income. It is very devious thinking which holds that in a saving on purchases purely for consumer use there can be a real profit either to the cooperative or to a member thereof.

What has the minister to say to that?

Mr. ABBOTT: Well, that is a point which has been discussed by others in the course of this debate. The McDougall commission did not agree with the view which is expressed in that letter, and I do not know that I can add anything to that statement.

Mr. WRIGHT: I should like to ask the minister a question as to what action it is necessary for the cooperatives to take with respect to the allocation of savings to individual accounts before they will be deductible. For instance, if your cooperative have a $10,000 saving during a year, and at their annual meeting at the conclusion of that year they pass a resolution that fifty per cent of that shall be in the form of cash and fifty per cent shall be allocated to the individual in the form of an investment or saving, left there in the revolving door fund to increase the stock or assets of the corporation, will that be considered by the government as sufficient notice?

Mr. ABBOTT: Well, only if it is paid, or constructively paid. They cannot rely on a resolution of the cooperative; that is, they cannot rely on a corporate action to authorize that retention. It must be authorized by the member himself. If the member so authorizes the reduction by the cooperative, that is permitted, because there would be then a payment or constructive payment.

Mr. WRIGHT: A resolution at the annual meeting of the members of the corporation or cooperative would not be considered sufficient?

Mr. ABBOTT: No; a majority resolution of that kind would not be sufficient. I think we discussed this, and I answered some questions on that when we were dealing with the resolution.

Mr. BENTLEY: As to "constructively paid", would that not be allocated but not paid out?

Mr. ABBOTT: No; that would not be a constructive payment. A constructive payment would be if they allocated the money to the member, he was free to take it, and, instead of taking it, he said, "You keep it and use it, as a loan from me"—or whatever it may be—"in the cooperative".

Mr. BENTLEY: To be constructively paid it must be exigible on the member's demand?

Mr. ABBOTT: That is right.

Mr. CRUICKSHANK: We had certain assurances given to us before in connection with the cooperatives. Do these proposals change the situation in any way?

Mr. ABBOTT: No; they do not change it in any way. These in fact implement any assurances I may have given.

Mr. CRUICKSHANK: Then my small town friends across the way are talking for political purposes only.

Mr. BRYCE: When the resolutions were before the house I told the minister that I objected to this three per cent clause. I still feel the same way about it. I pleaded with the minister to make some concessions in the matter, but evidently I have not a pleading way, because he never listened. I want the minister to know that I do object to that, because you are driving the cooperatives to be a profit-making class, which they are not in. I have said that before, and I know that no one will want me to repeat my arguments, but I have a couple of matters which I want to straighten out. Take a cooperative whose employed capital amounted to $100,000; they would pay three per cent on that, or $3,000; would they be taxed thirty per cent on that $3,000?

Mr. ABBOTT: Only if they had $3,000 of taxable income. They could have $100,000 of employed capital, but if their affairs were so arranged or the cooperative operated in such a way that they did not have taxable income—

Mr. BRYCE: Well, I wish the minister would let me finish, because I am at a disadvantage; when you get a dirt farmer up against a lawyer you pretty well knock him off his thinking. In that instance we will assume that the cooperative had $10,000 of savings, and we divided $8,000 to the members in patronage dividends and had $2,000 left; would that cooperative pay three per cent on the $2,000, or would they pay three per cent on $3,000?

Mr. ABBOTT: If the $10,000 which my hon. friend mentioned were taxable income within the meaning of the act they would pay on $3,000. They could distribute $7,000 as patronage dividends and deduct that in full, but they would be obliged to pay the tax on $3,000 before distributing the balance as patronage dividends.

Mr. BRYCE: I said $8,000 and $2,000 left.

Mr. ABBOTT: They could have distributed the extra $1,000, but they would be liable to pay tax on it.

Mr. BRYCE: Take the next year, with this same turnover of business. We distribute $6,000 in patronage dividends and we have $4,000 left. Will we pay three per cent on $4,000 or on the $3,000?

Mr. ABBOTT: You will pay tax on $4,000 because that would not have been allocated but would have been held in reserve I suppose. The permissible distribution and the deduction which would be allowed on the figures the hon. gentleman has given would be $7,000 distributed as patronage dividends tax free and the $3,000 would be subject to tax.

Mr. BRYCE: That means that if the cooperative made no savings at all, if it suffered a loss, it would still have to pay 3 per cent on its working capital?

Mr. ABBOTT: No. If it suffers a loss there is no tax on the capital employed. That is the point I made this afternoon in answer to the hon. member for Yale. There is no tax on income if there is no income. That is the test. If a cooperative is earning no income at all or suffers a loss, or if it so arranges its affairs that there is no taxable income, the three per cent does not apply, and that will be the case I am certain with a good many cooperatives.

Mr. BRYCE: I still think it is not right. I have been a cooperator all my life. As I said here, I was born in a cooperative home, and I cannot for the life of me see why you drive the cooperatives into the profit-making class where we never had any right to belong.

Mr. FAIR: Is this three per cent a baby of the Department of Finance, or is it an illegitimate child sponsored by the Department of Finance and fathered by Winnipeg and Toronto organizations? In my opinion this has been brought about by pressure from outside from organizations opposed to the wheat pool and cooperative organizations. If the minister and his colleagues will read the newspapers they will find that there is at present in the prairie provinces at least action being prepared that should make the members here sit up and take notice. I have frequently expressed my opposition to this move. I do not think it is in the interest of the country. As I have pointed out time and again, the farmers have been robbed quite enough by the prices they have been forced to take for their produce, without this robbery or confiscation being extended still farther. I want to make it quite clear that I am definitely opposed to this three per cent tax.

Mr. ABBOTT: This provision was not inspired by any outside source.

Mr. MICHAUD: I should like to ask the minister a question. Taking the figures used by the hon. member for Selkirk of a cooperative with $100,000 employed capital, the minister said that the cooperative would not have to pay income tax if it did not have taxable income. If we assume there was a surplus, say of $6,000 in the course of the year's operations, is there any way in which the cooperative could so arrange its business that there would not be any taxable income?

Mr. ABBOTT: I used to charge a lot of money for giving advice, but I doubt if there is any way of doing that if it waited until the end of the year. Possibly it could so arrange its affairs at the beginning of the year that it would not have a taxable surplus, but I do not think it could wait until the end of the year and then decide to make it nontaxable.

Mr. BRACKEN: If a cooperative pays three per cent interest to its members on credits the members may have advanced to it or on money borrowed from the members, is such interest treated as an exemption from the taxable income?

Mr. ABBOTT: Yes. It is applied against the three per cent on employed capital which we have been discussing. In other words, in the case that the hon. member for Selkirk gave, if there were employed capital of $100,000 and the members had furnished $100,000 in three per cent debentures, the three per cent paid to the members would be deducted from the earnings of the cooperative, and the three per cent rule referred to in this subsection would not apply.

Mr. BRACKEN: Suppose the money had been advanced not in the form of debentures—

Mr. ABBOTT: It does not matter in what form it was advanced as long as there was an obligation to pay interest on it, except bank loans or credit union loans.

Mr. BRACKEN: I want to ask another question. Let us assume that there are two cooperative organizations the same in every respect save in the way in which they distribute their earnings or savings or profits, or whatever you choose to call them. One of them says: "We propose to distribute all these savings or earnings in the form of patronage dividends." The other one says: "We are going to pay three per cent interest to our members and, after that, we will pay any balance there may be in patronage dividends."

Do these two cooperatives pay different taxes, or do they pay the same amount to the government?

Mr. ABBOTT: If they pay it out as dividends the result is exactly the same. If they paid it as interest on debentures, then it is deducted as an expense from gross income before arriving at net income, if any. The result is exactly the same.

Mr. BRACKEN: Is this correct? The government says to the cooperative which has been paying out its earnings as patronage dividends: "If you pay three per cent of that in the form of interest you will not be taxable but if you pay it all out in the form of patronage dividends you are going to be taxed."

Mr. ABBOTT: As between the two cooperatives, they are put on pretty much the same basis. In the one case, the members of the cooperative are getting in effect interest on their investment in the corporation in the form of a patronage dividend, which would be nontaxable in the event of this rule not being here. In the case of the other cooperative, its interest would be paid to the members. It would be deducted from operations as an expense; the remainder would be paid as patronage dividends, and it would be income in the hands of the members.

Mr. BRACKEN: My question is a perfectly fair one—

Mr. ABBOTT: I am not suggesting it is not.

Mr. BRACKEN: I think it is a very important one, and I think the committee should understand the government's answer to it. Here is one cooperative which says, "We will pay out all our earnings, savings or profits in the form of patronage dividends". And here is another which says, "We will pay three per cent interest to our members first, and if there is anything left we will pay it in patronage dividends". What the government is saying to these cooperatives is this: "If you pay your earnings in the form of patronage dividends you will be taxed, but if you pay them in the form of interest you will not be taxed." That is what I interpret your new law to be, and if that is to be the law, that policy does not deserve to be supported in this house.

Mr. ABBOTT: I am afraid I have not been able to follow the example my hon. friend has given. If they pay it in patronage dividends it is deductible and if partly in patronage dividends and partly in interest it is deductible.

Mr. BRACKEN: But the minister said part of it is not taxable if you pay it all out in patronage dividends. You have to keep enough to pay—

Mr. ABBOTT: You do not have to keep any of it. You have to pay tax on a portion of it. A portion of it is considered as taxable income. It is eminently fair as between the two types of cooperatives. Each has in fact earned a return on capital investment. One has done it by having borrowings on which it has contracted to pay interest; the other has obtained the money in the form of a loan without interest or by the accumulation of reserve capital invested, and in effect the members who receive patronage dividends from the total earnings of the company are receiving part of their patronage dividends as an earning on the investment which they have—not on the business, but on the investment. This, if anything, tends to prevent discrimination as between the two types of cooperatives. A great many do have capital in the form of dividend-paying shares or in the form of interest-bearing securities of one sort or another.

Mr. BRACKEN: I did not get up to argue this point but only to get a straight answer to a straightforward question. Is a cooperative which pays out all its earnings or savings or profits in the form of patronage dividends taxable or not?

Mr. ABBOTT: The law as proposed here is that a cooperative cannot pay out all its earnings in patronage dividends if it has employed capital.

Mr. BRACKEN: Then it is taxable.

Mr. ABBOTT: To the extent of three per cent of employed capital.

Mr. BRACKEN: It does not matter to what extent, it is taxable.

Mr. ABBOTT: Yes.

Mr. BRACKEN: Then here is another cooperative, constructed in the same way, but they say, "We will pay our members three per cent interest and, if there is any more to pay out, we will pay that out in patronage dividends". Will that cooperative pay you taxes?

Mr. ABBOTT: They will not pay us taxes, but they have less to pay in patronage dividends.

Mr. BRACKEN: You say that in the one case they pay taxes and in the other they do not pay taxes. Ordinarily the purpose of a taxing law is to raise revenue, but what is this government doing? It is bringing in a policy which may not raise revenue at all, because it says to the cooperatives, "If you continue to pay out your earnings as patronage dividends you will be taxed", but it says also, "If you pay it out as interest you will not be taxed". What is the government doing? It is accomplishing nothing but this, the driving of people from cooperative methods into something else. It is obviously not a taxation law at all.

Mr. ZAPLITNY: I am glad the leader of the opposition spoke as he did, because I believe he bears out what we have been trying to say in this corner of the house, and that is that the proposed object of the bill seems to be to drive the cooperative movement into the category of profit-making enterprise. I believe this is the pivot of the whole bill, this three per cent argument, and that is why I propose to say something on it.

In the first place, I was interested in listening to-day, on another item, to what the minister said, that we cannot make a distinction between income that is earned and income that is derived from investment. I thought that sounded a little strange coming from a good Liberal, so I sent for Adam Smith's "Wealth of Nations," published in 1776, upon which I understand much of Liberalism is based, because I have always understood, as anyone who studies any economics at all understands, that there is a difference between income earned and income derived from investment. If we refer to Adam Smith's book we shall find a statement which goes back a long way and shows how far Liberalism has strayed from the actual theory on which it is supposed to rest. I quote the following from page 35:

> Labour, alone, therefore, never varying in its own value, is alone the ultimate and real standard by which the value of all commodities can at all times and places be estimated and compared. It is their real price; money is their nominal price only.

That means that there is only one source of wealth, namely labour. In other words, there is only one source of income in the long run, and that is income which is earned. Income from investment is only secondary and incidental income which is derived from somebody else's labour. That is a fundamental principle that good Liberals should be willing to accept. I am surprised that the acting minister does not accept it, because even one of our good friends of the Progressive Conservative party to-night accepted that theory, when the hon. member for High Park suggested that income derived from work should be treated differently from income derived from investment. I congratulate him on his socialist outlook, and I congratulate also the hon. member for Muskoka-Ontario, for he, too, is coming our way.

What I wish to refer to particularly is this. The whole three per cent question is based upon capital employed. I have tried on several occasions to find out how we can arrive at what is meant by capital employed and I have not been successful. At the top of page 16 of the bill hon. members will find "capital employed in the business" defined in paragraph (b) as follows:

"capital employed in the business" shall be computed in accordance with the first schedule to the Excess Profits Tax Act, 1940.

If we turn to the first schedule of the Excess Profits Tax Act of 1940 and examine it we shall find that there are four categories of capital employed in the business under this definition: (a) cost of assets, and it states what that means; (b) accounts receivable less reserve for bad debts; (c) value of assets acquired otherwise than by purchase; and (d) amount of money and bank deposits. To the last one I should like to direct the attention of the committee—the amount of money or bank deposits actually used by the taxpayer in the business.

It is well known that in most cases cooperatives do not begin with large capital investment. They try to carry on business with as little capital as possible. It could then be construed, if anyone wished to do so, that every dollar which comes across the counter, in the case of a consumer's cooperative, and which is used to carry on business, to buy goods from the wholesale cooperative, or from any wholesale, is capital employed in accordance with paragraph (d) of this definition. If that were the case then the amount of capital employed in the business would be a much greater sum than is generally accepted or expected. I hope the minister will clear that up for us.

A great deal has been said to find out why the government are so adamant in regard to maintaining this three per cent position. They have been willing to withdraw from some of the ground that they have taken before and to acquiesce in some of the amendments presented. The key to the whole thing is to be found in the remarks of the Minister of Finance when he made his budget speech on June 27 of this year and when he said, as reptorted at page 2921 of *Hansard:*

The principle underlying this rule is that amounts set aside out of taxable income to be distributed in proportion to patronage by a cooperative or company which does not pay at least three per cent on the capital employed in its business contain earnings which arise from the employment of captal and ought not to escape tax entirely.

That brings me back to what I started with, namely, that the government have now come to the position where they are going to make the cooperatives say, or are putting the cooperatives in the position where they will have to admit, that money earns money, something which the cooperatives repudiated from the time they were first organized.

Mr. ABBOTT: Not necessarily that money earns money.

Mr. ZAPLITNY: That is practically what the minister said. He said that this money has come out of the employment of capital and ought not to escape tax.

Mr. ABBOTT: It may be elevators or it may be warehouses.

Mr. ZAPLITNY: Yes, but that is not the way it has been explained to us in the discussion. What it means is that the cooperative associations which believe in service at cost are to be forced into the position of having to admit that money is the governing factor in these societies. They will have to admit that money makes money, something incidentally which Adam Smith repudiated in 1776 when he pointed out that money does not earn money; that the only source of wealth is labour applied to natural resources. In this day and age we find that the government which only about a year ago blazoned forth in large letters that they were going to bring in a new social order in Canada, have now repudiated the very basis of their own Liberalism and are not bringing in a new social order. They are going back—I do not know whether they are going backward or forward; they do not know either; they are going somewhere, but far from the basis of Liberalism.

I condemn this with the strongest words at my disposal, because I believe that everything that has been said here points to the fact that there were outside influences at work. The Acting Minister of Finance says there were no influences from outside sources. I have to take his word for it; but I happen to know something about the campaign which has been carried on by the income tax payers' association. I know that the basic thing which they want to accomplish is not the collection of a few piffling dollars for the public treasury, to use the words of the Minister of Veterans Affairs—

Mr. MACKENZIE: In what respect is the government going back?

Mr. ZAPLITNY: What they wanted to accomplish was to force the cooperative associations of Canada into the position where they would have to acquiesce in this legislation and agree to or admit or accept the principle that money makes money, something which the cooperatives have been trying to

get away from all these years. The government are going to destroy the very basis upon which cooperation is based.

Mr. ISNOR: I should like to say a word on this section. I appreciate that hon. members would like to see this section carried after just one side of the question has been presented.

With respect to the government driving the cooperatives into a profit-making organization, may I say that my interpretation is quite different. If anything, the government is leaning backward to assist the cooperatives by allowing them to enjoy exemption from income tax on their profits for the first three years to establish themselves in business. If there is no profit to be made and if the cooperatives are against the principle of using money to make money there is no need for them to show a profit. If they do not show a profit they will have no income tax to pay. That is as concise a statement of the picture as I can present it. It is purely a matter of principle. If the cooperatives and those who are interested in cooperative business say they do not want to make a profit, and if they do not take a profit they do not have to pay tax.

In regard to the question of capital employed, why should they not pay interest on capital employed? May I correct my hon. friend who referred to assets such as merchandise, bills receivable and cash on hand. No doubt he had reference to loans. That is all capital employed. That is the basis of the term "surplus" or "capital employed" as it applies to income tax. That is the recognized base on which you make up your tax returns and also your balance sheet, which you must present if you are borrowing money from a bank, as many of us have to do. The bank asks for your balance sheet. It looks over your assets and liabilities, and the difference between one and the other gives the surplus or capital employed.

The private enterpriser—and I am one of them—is obliged to pay either directly or indirectly on the amount of capital invested in his business from the day he goes into business. What happens to the cooperatives? There are allowed three years' exemption and do not have to face the same situation as the private enterpriser. Therefore I say it is a distinct advantage which the government is offering to the cooperative as against private enterprise.

My hon. friend also referred to the fact that you may consider capital employed in connection with every dollar which goes over the counter. Again I say he shows his lack of experience. One is a direct exchange, money, the medium of exchange for commodities or goods sold by the merchant whether he is a free enterpriser or a cooperative. That is not capital employed; it is just an exchange medium for the goods. One person is on one side of the counter and the other stands behind the counter. The one behind the counter passes out his goods and the other passes over his money or the medium of exchange, which goes on to the manufacturer. It is not capital employed. My first explanation is the real capital employed, which the cooperative enjoys, while the free enterpriser must pay on the day he goes into business.

I just wished to make these few observations to show that there is a definite difference of opinion in regard to this matter and it is not all one-sided. As a supporter of the government, if I had any criticism to offer, I would say that the government in its offer is leaning too far backwards to satisfy the cooperatives owing to the pressure that has been put on in parliament. It is true that the income tax payers' association have sent out a lot of propaganda, but I do not think the average person took very much stock of it. He did not take any more stock of it than the average person took of the barrage which was put across by the cooperatives. Therefore the benefit derived by either the tax payers' association or those supporting free enterprise or the cooperatives can be discounted. I repeat that the government has gone far in trying to meet the wishes of the cooperatives and has given them an actual handicap with which the free enterpriser has to contend.

Mr. ZAPLITNY: I should like to reply to one statement made by the hon. gentleman which I do not think is quite correct. He referred to a barrage by the cooperative associations. In all fairness, I think he should admit that the cooperative associations of this country did not do any lobbying or put any pressure on the members of this house at all—

Some hon. MEMBERS: Oh, oh.

Mr. ZAPLITNY: Before you begin to laugh—

Mr. ISNOR: It was not necessary in your case, perhaps.

Mr. ZAPLITNY: They did not do so until they found it necessary to defend themselves from those who were attacking the very basis of their existence. Then naturally they had to dispel the propaganda being put out against them. Before I sit down, I want to reiterate that I am not criticizing the government for

not having leaned far enough backward. The way they lean I am afraid that some time they will go back so far they will end with a catastrophe.

Mr. ABBOTT: No danger.

Mr. ZAPLITNY: I am not trying to win any more concessions from the government in connection with this bill. I think we have reached a deadlock and there is no use talking about the matter much longer. But I am making a wholesale condemnation of the motives behind the bill itself. For the benefit of the senior hon. member for Halifax, who seems to be trying to persuade me that there is such a thing as earnings on capital, I want to say I repudiate that idea. I go back to Adam Smith again, at page 66. Listen to his words:

> In that original state of things, which precedes both the appropriation of land and the accumulation of stock, the whole produce of labour belongs to the labourer. He has neither landlord nor master to share with him.

That ought to be something for the hon. member to think over. If we were to go back to the original basis of things—

Mr. MACKENZIE: What is that you are reading from?

Mr. ZAPLITNY: The "Wealth of Nations", by Adam Smith; not Adam, but Adam Smith. One of the reasons I enjoy listening to the hon. member for Muskoka-Ontario is that he often makes the statement that we should go back to fundamentals, back to the practical things of life. Certainly here is one place where we should go back to the fundamentals; that is, that the wealth produced by labour belongs to labour in the first place. The only way private enterprise or capitalism or whatever you want to call it could make any claim at all was because they had got themselves into the position where they expect to profit from the labour of others. To-day they are trying to deny to the people who produce the wealth the privilege of retaining that wealth. They say no; three per cent of it must be paid out as earnings on capital, which is a myth and which has no basis in any economics. It is a myth created by capitalism in order to make people feel that money creates wealth, and I repudiate that argument.

Mr. BENTLEY: I should like to follow up the question asked by the leader of the opposition, who brought out in a different way some of the things we have been trying to point out. In the first place, I agree that this is bad law. If I correctly understood the replies of the minister to the leader of the opposition, he told the hon. gentleman that if one cooperative over here pays all its money in patronage dividends, then the last four lines of this subsection would apply. They must first be taxable on three per cent of the capital employed; but if the other cooperative over there were to pay out the money by way of interest, they would not be taxable. That was the answer, was it not?

Mr. ABBOTT: Not all out in the way of interest.

Mr. BENTLEY: That is the way I understood the reply to the question.

Mr. ABBOTT: Perhaps my hon. friend had better finish what he has to say, and then I shall have my say.

Mr. BENTLEY: I shall give an example, taking two cooperatives and bringing them down to plain figures. Each has an employed capital of $1,000. At the end of the year each finds that it has earned three per cent, which means that each has earned $30. The first one says, "We will pay it out in patronage dividends on the basis of the business done with the cooperative during the year." The second one says, "We will pay it out on the basis of three per cent of the capital employed." The first one is not taxable. The second one must first declare three per cent of its employed capital before it can pay out any money. Consequently it cannot pay out anything until it has paid three per cent of that $30.

Mr. ABBOTT: No. In the case of dividends there is no difference between the two companies. They are treated in exactly the same way. A great many cooperatives do have capital in the form of shares, on which they pay dividends, and some have capital in the form of borrowed money on which they pay interest. The leader of the opposition quite properly and perhaps shrewdly took the case of a cooperative which has interest-bearing indebtedness on which it pays interest, and he compared that with the case of a cooperative which had no capital in the form of shares or interest-bearing indebtedness. The hon. gentleman said that in the one case, the case of the company which had part of its capital or all of it in the form of interest-bearing indebtedness, it can deduct that interest from its gross earnings and pay out the balance in patronage dividends, and it will not pay any corporation income tax. The other cooperative, on the other hand, which earns exactly the same amount and which has employed capital of the same amount—the hon. gentleman used the figure of $100,000—but whose employed capital is in the form of neither shares nor borrowed capital, cannot pay out all its earnings in

patronage dividends. It must pay corporation income tax of three per cent of its employed capital. That is perfectly true; the leader of the opposition is right in that. The main purpose of this section is to avoid discrimination between various types of cooperatives, some of which finance on the basis of shares and borrowed money and others of which build up revolving funds or reserves or amounts which have been left without interest, and also to introduce some measure of equity in relation to private businesses which have to raise their capital by paying interest or dividends. That is the purpose of this section. It does not involve large sums in revenue, but it does preserve a measure of equity between different cooperatives and it does preserve a measure of equity between cooperative enterprise and private business carrying on the same type of activities.

Mr. IRVINE: Would not the amount equal to three per cent of the working capital which had been retained from the members be regarded as borrowed capital? As a matter of fact it is; it belongs to the memebrs.

Mr. ABBOTT: It would depend on the contract. It might very well be borrowed capital, and the cooperative might enter into an agreement with its members to pay interest on that borrowed capital. That would be quite permissible.

Mr. IRVINE: In which case they would not have to pay the tax?

Mr. ABBOTT: That is right.

Mr. IRVINE: And in which case the leader of the opposition is right?

Mr. ABBOTT: That is right. In that case the three per cent would be deducted as an expense of doing business. But remember that the cooperative or any other organization that borrows money undertakes to pay interest on it and to repay it, and it can be put out of business if it does not pay its debts. That is the difference between an enterprise which has no fixed indebtedness and one which has, and that is an important point to bear in mind in considering these questions. That is another reason for making this distinction.

Amendment (Mr. McCann) agreed to.

Subsection as amended agreed to.

Subsection 14 agreed to.

On section 5, subsection 1—Depreciation.

Mr. McMASTER: I believe this is the clause I intended to speak to when I rose before. This has to do with the depreciation allowance. I would call to the attention of the committee that the previous clause, namely clause 1, allows the minister to give such extra depreciation as the minister in his discretion may allow in the case of plant or equipment built or acquired to fulfil orders for war purposes. Apparently the present clause is to extend the power of the governor in council to any form of plant or equipment. What I object to in this particular clause is that there is no definition of the different classes. I should think the governor in council could now say on what classes of plant or equipment depreciation would be allowed.

I would point out to the committee that in release No. 14 issued on January 25, 1946, the Department of Reconstruction and Supply state:

> A total of 1,561 applications for "double depreciation" amounting to $244,274,545 have been approved to date by the depreciation committee of the Department of Reconstruction and Supply, Reconstruction Minister Howe said to-day.
>
> The committee was established to consider applications for the depreciation benefits provided by an order in council, P.C. 8640, which grants depreciation to manufacturing industry at from half to double the normal rates for taxation purposes on capital expenditures undertaken in the period from November 10, 1944 to December 31, 1946. Such applications must first be approved by the committee and by Reconstruction Minister Howe before being passed along to the Department of National Revenue.

I should think that the date, December 31, 1946, should read "1945", because this was issued on January 25, 1946. I would again call attention to the fact that this double depreciation is granted, notwithstanding the fact that ordinary depreciation must have been taken previously.

Possibly I should have spoken about this matter of depreciation when the other section was before the committee. However, that is passed, and I now say that this is the worst form of paternalism. Some hon. members on this side of the house call it bureaucracy; but I call it paternalism, because the governor in council can actually say, and take the power to say what class should receive this extra benefit. I should think the minister would hesitate to take upon himself that power—because there will be lots of askers, plenty of people who will ask that they receive double the rates normally allowed.

It has been said that this is done to keep up employment after the war. At the present time there is no lack of employment. Indeed, there is a great lack of all the materials necessary to keep workers employed in build-

ing. I would say that at this time the measure is ill-conceived and should not be allowed to operate.

Mr. ABBOTT: The only change made in the present section is to provide that the classes which are to be eligible will be determined by order in council. That, I think, will meet in part the suggestion of the hon. member for Stanstead, namely that they will be specified in the order in council as they are now under the War Measures Act.

Then, on the point raised by the hon. member for High Park, as to whether this is paternalism, my reply would be that I do not know whether it is or not. It is designed to encourage the construction of wealth-producting facilities. One cannot get depreciation more than once. Depreciation of this or any other kind does no more than permit a man to get his capital back. I think it is desirable legislation.

Mr. HACKETT: Is it quite clear that plant or equipment includes ships?

Mr. ABBOTT: It has been so ruled—

Mr. HACKETT: I know it has been so ruled.

Mr. ABBOTT: —under the present order in council, which is passed under the War Measures Act; and the class or classes will be specified in the new one.

Mr. HACKETT: I was wondering if it might not be wise to insert a word which would include ships because, as the minister knows, there have been a number of orders in council passed which apply to ships. It might just be that a great many people would be embarrassed if a court were to determine that the wording did not include ships. If the minister thinks it wise to put in a word to make it clear, it would be helpful.

Mr. ABBOTT: It has been included in the past; it has been so included in the orders in council. If there is any question of doubt, then I am sure this is a case in which the house would not hesitate to legislate retroactively, if it were thought necessary. But I do not think it is, myself.

Mr. HACKETT: Why not obviate that necessity by adding the word "ships".

Mr. ABBOTT: I do not like to include one special type of plant or equipment. This is something which has been in the statute from the beginning. I feel reasonably certain that the department is now allowing double depreciation on ships. That being so, who will question it?

[Mr. McMaster.]

Mr. HACKETT: I will just add a word about double depreciation. It has been urged by people who were interested in giving employment, and who also appreciated that costs are extremely high at the present time, that it was in the interests of all concerned that this depreciation be granted to encourage the doing now of work which might otherwise be postponed for several years.

Subsection 1 agreed to.

Subsections 2, 3 and 4, agreed to.

Section agreed to.

Sections 6 and 7 agreed to.

Section 8, subsection 1 agreed to.

On section 8, subsection 2—Taxpayers whose chief occupation is farming or fishing.

Mr. BRYCE: The minister promised to give me a definition of "farmer."

Mr. ABBOTT: That comes a little later in the bill.

Mr. BRYCE: This is important and I want to get to the bottom of it.

Mr. ABBOTT: We are coming to it; we shall be there in a minute.

Mr. FLEMING: In the matter of averaging the income over this triennial period, is account to be taken of the out-of-pocket loss of a taxpayer within this class? Are we to consider only his taxable income, or to permit him to carry into the three-year average the deficit incurred in one year? Take a concrete case.

Mr. ABBOTT: There would be no tax in that year, but a deficit. You go into the three-year average.

Mr. FLEMING: Suppose that by reason of losses with his herd he sustained an actual deficit of $2,000. The following year, we will say, he makes a profit of $2,000 and the third year another profit of $2,000.

Mr. ABBOTT: The average income for two years is nil.

Mr. FLEMING: Will his income for the three years be the average of $4,000 over three years, or will it be the average of $2,000 on two years? In other words, are you going to allow him to set off the deficit of the first year?

Mr. ABBOTT: The first year he had a loss; the second year he had a profit of $2,000, and the third year, another profit of $2,000. The income would be $2,000, averaged over the three years.

Mr. FLEMING: I think that is the equitable interpretation, but is that quite what this section says?

Mr. ABBOTT: No question about that.

Mr. FLEMING: The minister spoke about income in the first year. The department would not call that a deficit; they would just say he earned no income that year.

Mr. CARDIFF: I want to know where we start this three-year period. Do you start back and go ahead? Do you start this year and then there is next year and the next year ahead, or do you go back?

Mr. ABBOTT: We start in 1946; that is the first year in which this will apply. The definitive tax payable for 1946, shall I say, will not be ascertained until he knows what his income is for 1948. In 1948 he will average for his three years. If, as a result of that average, he has paid on his actual income in 1946 too much, he has that credit to apply against the tax for 1947 and 1948.

Mr. CARDIFF: I understand that perfectly, but what about the next year after that?

Mr. ABBOTT: He takes 1947, 1948 and 1949 for his average. It is a moving three-year average. We went into this at some length when we were on the resolution.

Mr. CARDIFF: That is what I wanted to know.

Mr. McLURE: I tried to reduce it to a set of figures to see if I could get an explanation. In 1946 a farmer has a loss of $4,000; in 1947 he breaks even; in 1948 he has $2,000 taxable income. Then he pays no taxes for those three years?

Mr. ABBOTT: That is correct.

Mr. McLURE: Then we go to the next year. In 1947 he breaks even.

Mr. ABBOTT: That is right.

Mr. McLURE: In 1948 he has shown $2,000. In 1949 he shows $2,500. Then his taxable income is $1,500?

Mr. ABBOTT: I have not followed the income figures.

Mr. McLURE: His income for these three years is $4,500?

Mr. ABBOTT: That is correct.

Mr. McLURE: His taxable income would be $1,500?

Mr. ABBOTT: That is right.

Mr. McLURE: All right. He has not made any money in those three years, though, if you tax him on the $1,500; he had lost $4,000 in 1946. Can he take that loss of the other $2,000, so that his taxable income would be based on $833 instead of $1,500?

Mr. ABBOTT: In that case he would be taking the fourth year back for the purpose of his average.

Mr. McLURE: You cannot carry that loss?

Mr. ABBOTT: No; it is a moving average. You take the taxation year and the two preceding years, beginning in 1946, and then it is a moving average. Once it is established, it keeps moving on forward as long as he is in the business.

Mr. McLURE: That is where the five-year plan would have been better.

Mr. MACDONNELL (Muskoka-Ontario): I want to come back to the question asked by the hon. member for Eglinton. I have not been able to find in this anything which bears out the explanation which the minister gave. It may be that there is something which makes it applicable, but I am not able to spell it out of the words that any loss would enter in at all.

Mr. ABBOTT: The significant words, I think, are "returns of income during the said two preceding years" in line 33 of the section. It is a technical point, but the interpretation which I have given is, I am assured, correct.

Mr. ISNOR: Does the income tax return show a deficit? Do you send that in?

Mr. ABBOTT: Obviously, if you are going to take advantage of the three year averaging you must file a return showing a loss. That will be one of the factors in this new system.

Mr. WRIGHT: I should like to ask the minister what the position will be if in the next year the farmer receives payment on participation certificates for 1944 and 1945; will he have to credit that income to his 1947 income, or will he be allowed to use it in the years in which it was actually earned? The same will apply where he receives participation certificates on wheat over the next four years; those participation certificates would be paid in the year 1950, and if they are worth as much as we hope they may be it might mean a considerable income during that year which would have been earned over the other years. Just what is the position?

Mr. ABBOTT: It goes back to the year of sale. In other words, if the wheat was sold in 1943, and the participation certificate issued is paid in 1945, the payment is taken back into the income of 1943 and the tax adjusted accordingly; and under the section which we shall see a little later there is no interest payable on that additional tax, if any.

Mr. JACKMAN: May I ask the minister if this section—which I find it awfully hard to read, containing as it does twenty-three lines without a period, in one sentence—means that the farmer will be able to average his taxes, then average his income and then apply the tax? What is the import of the section?

Mr. ABBOTT: Average his income.

Mr. JACKMAN: If he has a loss in one year of $1,000 will that actually apply against the profits of another two years?

Mr. ABBOTT: That is correct.

Mr. JACKMAN: And he averages the income over the moving three-year period and then applies the tax rate against that?

Mr. ABBOTT: That is right.

Mr. JACKMAN: What is the significance of the first line: "a taxpayer's chief business, occupation, trade or calling"? There are a certain number of people who have other lines of activity.

Mr. ABBOTT: I think it is intended to exclude what I may euphemistically describe as the gentleman farmer who, say, runs a farm as a side-line to his stock or investment brokerage business.

Mr. JACKMAN: He is on the old basis, is he?

Mr. ABBOTT: He is on the old basis.

Mr. BRYCE: I have got my definition of "farmer", from the note here, but there are a couple of questions I want to get clear in my mind. In Selkirk we have a number of farmer-fishermen; they fish in the winter and farm in the summer. Also we have some farmers who run garages. Will these farmers be able to average their farm incomes over three years?

Mr. ABBOTT: The taxpayer's chief business must be farming or fishing. If he happens to be running a garage on the side that would not affect his status as a farmer or fisherman.

Mr. BRYCE: A man may be employed in the city and run a fur ranch outside. We have a lot of them around the Red River Valley.

Mr. ABBOTT: Farming has to be his chief business, occupation or calling to qualify for this special treatment.

Mr. BRYCE: And the gentleman who runs a farm as a hobby?

Mr. ABBOTT: I have just answered that question from the hon. member for Rosedale. He does not come under it.

[Mr. Abbott.]

Mr. BRACKEN: I have one little technical question. I wonder if the answer the minister give a little while ago was correct or what he intended to give. You are going to average the income of the farmer for the preceding three years?

Mr. ABBOTT: No; the current year and the two preceding years.

Mr. BRACKEN: But he does not pay his tax in the current year.

Mr. ABBOTT: We start in 1946. It will first be ascertained what the average is when the operations for 1948 are concluded.

Mr. BRACKEN: That is neither here nor there, because it is the average for the three years that is taken.

Mr. ABBOTT: That is right.

Mr. BRACKEN: The minister said that he paid income tax in the fourth year on the basis of the average of those three years. Are you not going to take into account the income tax he has paid in the past three years and bring that into the calculation?

Mr. ABBOTT: We are going to take into account the tax paid in the two preceding years when he pays in the third year, and adjust the tax at that time on the basis of the average income for the three years.

Mr. BRACKEN: If the minister will look up the answer he gave the hon. member for Rosedale he will find that he left a different impression. He said the average income, not the tax.

Mr. ABBOTT: I said that you average the income for the purpose of ascertaining the tax. Then the tax adjustment is merely a matter of mathematics. The tax in the first year may be $1,000 and, in the second year, $1,500. After the third year, the income is averaged and the tax adjustment made on a simple arithmetical basis.

Mr. BRACKEN: That was not the impression the minister left.

Mr. ABBOTT: I am sorry.

Mr. WRIGHT: What is the position of the farmer who is a member of parliament?

Mr. ABBOTT: I think his principal activity is still that of a farmer. He can average his farm income. Of course his income as a member of parliament is constant.

Mr. BRACKEN: A member of parliament can use his indemnity to pay his losses on his farm.

Mr. FAIR: I asked the minister earlier if he would not extend the three-year average to five years, and he said he would not do that. I would ask him to reconsider, because I have tables here showing the wheat prices from the year 1910 on, and it shows an erratic picture. I have also a chart showing the yields. I believe that if the minister would take these tables into consideration he would further consider making it a five-year period instead of a three-year. I move, Mr. Chairman, that subsection 5 of section 8 be amended by striking out the words "forty-eight" in line 77 thereof and substituting therefor the word "fifty", and by striking out the word "two" where it appears in lines 3, 5, 15 and 21 and substituting therefor the word "four." That would mean taking the year 1950 instead of 1948 and making it a five-year average instead of a three-year average.

Mr. ABBOTT: That, in effect, is the same amendment which my hon. friend moved on the resolution, and I must take the stand I took before that it is out of order.

The CHAIRMAN: As I pointed out on an earlier amendment, the principle of the bill is based on the resolution of the committee of ways and means, and the amendment would disturb the balance of ways and means. It would be out of order at the resolution stage and is equally out of order when the bill is before the committee, and I must so rule.

Mr. ZAPLITNY: What is meant by "marine animals" in the definition of fishing on page 22?

Mr. ABBOTT: Seals, I suppose, and that sort of thing. I did not draw the definition. It was intended to be as comprehensive as possible to include the fruits of the sea.

Mr. ZAPLITNY: I am not so sure that it includes fish. It says:

"Fishing" includes fishing for or catching shell fish, crustaceans and marine animals.

It seems to include everything but fish. It says "fishing for."

Mr. ABBOTT: It is a legal refinement. The definition is intended to expand what might be the ordinary definition of the term "fishing."

Mr. PEARKES: I have a question with reference to a growing industry on Vancouver island. Is a man who harvests seaweed a farmer or a fisherman?

Mr. ABBOTT: He gets the benefit in either case.

Mr. BURTON: We have suddenly got away from farming to fishing. I was waiting to put in one final word with respect to this farming proposition which has been mentioned many times in the house. The definition of "farming" is this:

"farming" includes all tillage of the soil, live stock raising, raising of poultry, fur farming, dairying, fruit growing and the keeping of bees.

May I point out that this is work that in the great majority of cases is carried on by the farm family. Yet, as our income tax laws are drafted, one person is taxed on the income earned by the whole family. A large part of this work is done by the women and children of the farmer.

Section stands.

Progress reported.

INDUSTRIAL RELATIONS

CHANGE IN MEMBERSHIP OF COMMITTEE

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved:

That the name of Mr. Raymond (Wright) be substituted for that of Mr. Lapalme on the standing committee on industrial relations.

Motion agreed to.

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

Wednesday, August 14, 1946

The house met at eleven o'clock.

REPORTS OF COMMITTEES

Mr. RALPH MAYBANK (Winnipeg South Centre) presented the second and final report of the standing committee on miscellaneous private bills, and moved that the report be concurred in.

Motion agreed to.

Eighth report of standing committee on banking and commerce.—Mr. Cleaver.

WAR ASSETS

ARMY SUPPLIES—STATEMENT AS TO DISCARDING OF SHOES AND SLIPPERS

Hon. DOUGLAS ABBOTT (Minister of National Defence): With the indulgence of the house I should like to make a statement concerning the dumping of footwear at the Point St. Charles dump in Montreal.

On Friday, August 9, during the discussion of the foreign exchange control board bill, the member for Lake Centre (Mr. Diefenbaker) referred to the dumping of footwear on the Point St. Charles dump. In particular he referred to a report contained in the Montreal *Star* of August 8, 1946, as having stated that the Department of National Defence knew but

would not tell the names of its officials who were responsible for the destruction of shoes, although such information was known to the department. On his making this statement I replied that I had not yet seen the article but that the department had not refused to name any of its officials; that a thorough investigation had been made; that a complete report was available and that I would make a full statement at the appropriate time, adding that I did not consider that this was during the discussion of the foreign exchange control board bill.

On reading the article I found that the statement was to the effect that the department had refused to reveal the names of the civilian dealers responsible for the dumping of the footwear. So far as I can ascertain, the Department of National Defence has not refused to divulge these names, and my understanding was that the names were furnished to the press by my colleague, the Minister of Reconstruction (Mr. Howe), a week or ten days ago.

When the matter of the alleged dumping of footwear on the Point St. Charles dump in Montreal was first brought to the attention of the military authorities through an article which appeared in the Montreal *Daily Star* of July 10, a court of inquiry was immediately set up to look into the whole matter. The court assembled on July 12, the president being Lieutenant-Colonel H. E. Vautelet, and the members, Captain A. E. Jenner, Captain S. P. Dunham and Captain J. A. Forget. A number of witnesses were examined and an exhaustive inquiry conducted into the whole matter, as a result of which it was ascertained that the footwear dumped on the Point St. Charles dump was part of approximately twenty tons of scrap leather, mixed with canvas shoes, purchased on April 25, 1946 from War Assets Corporation scrap division, Montreal, by Gorodensky Registered of 101 Ontario street east, Montreal, for a price of some $40, being at the rate of $2 a ton. An official of the purchasing concern testified that the material had been purchased in anticipation of disposing of it as scrap rubber or scrap leather, that upon arrival of the material it had been examined and found that the leather and rubber were mixed together and that the purchaser was unable to sell it without separating the two. As the cost of labour would be more than that which could be recovered from the material, he decided to dispose of it by throwing it out on the Point St. Charles dump.

The court of inquiry clearly established that the military authorities had nothing to do with either the sale or dumping of the footwear in question. It was also ascertained by the court that on a previous occasion, namely, on or about May 2 or 3, another quantity of scrap material, which included scrap leather and canvas shoes purchased by Imperial Metal and Waste Company of Montreal from the J. H. Block Equipment Corporation and by the latter corporation from War Assets, had also been thrown away on the Point St. Charles dump as having been found to be unsaleable and of no commercial value.

The proceedings and the findings of the court of inquiry to which I have referred were immediately forwarded to national defence headquarters here in Ottawa, and as a result of the information contained therein, a joint statement on behalf of the Department of Reconstruction and the Department of National Defence was made at the eveining sitting on July 19 by my colleague, the Minister of Reconstruction.

Subsequently on July 27, as a result of further reports that were brought to our attention, officials of War Assets Corporation, a civilian representative on my own staff and representatives from the army and Royal Canadian Air Force visited the War Assets reclamation depot at Valleyfield, Quebec. At that time various bales, bundles and bags of footwear and other articles of clothing were opened and examined to see if any articles had been mutilated or slashed. Articles which had recently arrived at the depot and which had not yet been examined by War Assets employees were examined, as well as articles which had been examined and sorted by War Assets employees, and no articles were found which had been mutilated or slashed but which were otherwise serviceable.

The service representatives requested War Assets employees at the Valleyfield reclamation depot to segregate any articles which would indicate that they had been slashed or mutilated and to advise the service representatives so that further investigations could be made in an effort to trace down the source of such mutilation. I may say that no such articles have been reported since this request was made.

Concerning the practice of War Assets Corporation, I am not in a position to make a statement, although I have a copy of a statement made to the press on the 7th of August by Mr. J. H. Berry, president of the War Assets Corporation, in which he said in part:

> I must confirm that, prior to conducting this investigation, canvas shoes, which, in the opinion of the officials of the corporation, were not usable or repairable were cut by corporation inspectors at Valleyfield. This was done in accordance with previous and long-established practice. This cutting by the corporation has always been confined to footwear which, as

stated, was considered unusable and not repairable and, if it is true, as has been stated, that there were several hundred pairs of new shoes placed on the dump in a cut condition, I can find no trace of this cutting having been done by the corporation inspectors. . . .

We have now stopped cutting all canvas shoes, even when they are categorized as unrepairable and of no value in their present form as a shoe, but exactly how we are going to merchandise them as shoes, we do not yet know as we believe there will be some difficulty in finding a market for them other than as scrap.

The point as to whether it is fair policy for the corporation to sell at scrap prices unrepairable, unusable, and non-disinfected shoes without mutilating them remains to be considered by the corporation.

In conclusion may I say we have not been able to ascertain how or by whom the footwear dumped on the Point St. Charles dump was slashed, as is alleged to be the case, nor is there any clear indication as to how many shoes were allegedly mutilated. It has not been army practice to mutilate footwear since 1941, and no evidence has been adduced to show that there has been such mutilation by military personnel.

I realize the importance of an incident such as this which might appear to indicate a wilful waste in the handling of public property. I appreciate that this is not an appropriate time to discuss this matter in detail. I shall be glad to do so, however, when my estimates are before the house, which I hope will be within the next few days.

Mr. DIEFENBAKER: If I may be permitted to ask a supplementary question: in view of the difficulties the two departments have experienced in ascertaining the actual circumstances connected with these shoes, will the government give consideration to the appointment of a royal commission to look into this matter?

Mr. HOWE: Is that part of the economy programme?

Mr. DIEFENBAKER: I could answer my hon. friend in regard to economy, if I were not denied the opportunity at the moment. Certainly the war expenditures committee is not doing it. In the second place, will the minister table the evidence given before the board of inquiry and also the report of the investigation if any made by War Assets Corporation regarding these matters? The people of Canada desire to have these questions finally concluded by a careful, impartial examination.

Mr. ABBOTT: I can answer the question by saying we had better discuss it on my estimates. As to tabling the proceedings of the court of inquiry, I have been over them carefully and they do not contain anything I would not be delighted to table; but it has been the practice, and I think it is a wise one, that proceedings of military courts of inquiry or courts martial are not tabled in the House of Commons, and I should be reluctant to create a precedent by doing so. But I shall have the proceedings of the court of inquiry before me when my estimates are under consideration, and I shall paraphrase from it as may be necessary. I make the statement now on my responsibility as a minister, however, that there is nothing in the proceedings of the court of inquiry I should not be delighted to have this house read.

Mr. GRAYDON: Perhaps that disposes of the question asked by the hon. member for Lake Centre; if the minister wants to bring the proceedings of the court of inquiry before the house I certainly think he should be allowed to do so, and I think we should ask him to bring it in full and present it to the house.

Mr. FULTON: May I ask the Minister of Reconstruction and Supply or the Minister of National Defence if they can give any reason why these supplies of shoes or shirts which were alleged to have been dumped could not have been sent to Europe for relief over there?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): May I explain that the Department of Reconstruction and Supply has gone to great expense for years to maintain a repair depot at Valleyfield. Any footwear or clothing coming from the army which is capable of being repaired is being repaired by War Assets Corporation and is being sent to Europe. The discussion in the house, which has gone to great length, has to do with material which the inspectors of War Assets Corporation report as not being capable of being repaired. This we sell for junk—and we seem to have done better than the junk dealer who bought it, because at least we made $40 from it, while the junk dealer threw it away. That is the transaction with respect to which it was suggested that a royal commission be appointed. It has nothing to do with usable material, but it has to do with material which the inspectors believe is not repairable.

Mr. GRAYDON: I should like to ask a question which I believe is in the minds of the Canadian people. If this stuff is not repairable or is not usable, and therefore is no good, why is it slashed?

Mr. HOWE: I do not think anyone in War Assets Corporation would wish to take the responsibility for marketing shoes, or allowing

anyone else to market them, which have not been disinfected. My hon. friend must realize that shoes which have been worn do carry disease. Shoes which are regarded as marketable, and which it is intended shall be marketed either here or in Europe, are carefully disinfected. The reason that the shoes are slit is to indicate that they have not been disinfected, and in the opinion of the corporation are not suitable for marketing. That has been the practice in quartermasters' stores for centuries; particularly in respect of shoes which come in and which are not suitable for resale. This was done in the usual course by the inspectors of War Assets Corporation. We have stopped it because, while we believe it is a desirable thing to do, we are not prepared to stand the criticism. As I have said, the reason it is done is that the corporation does not wish to take the responsibility for passing on shoes which are not disinfected.

Mr. ABBOTT: And some unscrupulous dealer might try to sell them as good shoes.

INQUIRY AS TO REPORT RESPECTING DISPOSITION IN HAMILTON AREA

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): Mr. Speaker, I should like to ask the Minister of Reconstruction and Supply if the investigation by the Royal Canadian Mounted Police into irregularities in the disposal of war assets in the Hamilton area has reached any final stage, and if he can say when a report may be expected?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I received notice of this question just as I came to the house, and I have not refreshed my mind in the matter. However I believe some two or three days ago a report from the Department of Justice was received in the Department of Reconstruction and Supply. I have not seen the report, but I was informed that it states that the facts obtained by the police investigation do not warrant a prosecution.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

ACQUISITION OF PROPERTY AT HARRISON'S HOT SPRINGS, B.C.

Mr. GREEN:

1. Was property situate at Harrison's Hot Springs, British Columbia, taken over by the government during the war?
2. If so, on what date and by what department?
3. Has this property now been returned to the owners?
4. If so, on what date?
5. What is the aggregate of amounts paid and payable to the owners?
6. How much of such amount was (a) for the lease of the property; (b) for furnishings?
7. What additional sum was expended for repairs, alterations and additions to the property?

Mr. LAPOINTE:

1. Yes.
2. 15th May, 1943. Department of National Defence.
3. Yes.
4. 15th May, 1946.
5. $186,000.
6. The terms of the lease did not apportion between premises and furnishings.
7. $25,086.75.

EXPORT PERMITS—GRAIN AND OTHER PRODUCTS

Mr. HATFIELD:

1. How much money was paid by Canadian exporters for export permits on potatoes each year from 1941 to 1946 inclusive?
2. How much money was paid by Canadian exporters for export permits on mill feeds and flour each year from 1941 to 1946 inclusive?
3. How much money was paid by Canadian exporters for export permits on meats each year from 1941 to 1946 inclusive?
4. How much money was paid by Canadian exporters for export permits on grain each year from 1941 to 1946 inclusive?

Mr. MacKINNON: Information is not available as requested. Receipts are recorded by permit number without indicating the commodity involved.

An export permit fee of $2 was charged on all permits covering commodities valued at more than $100 for the period May 5, 1941, to May 8, 1946. On this latter date the export permit fee was abolished. Receipts from export permit fees during this period were as follows:

May 5, 1941—March 31, 1942.....	$ 94,900 00
April 1, 1942—March 31, 1943....	140,056 55
April 1, 1943—March 31, 1944....	174,988 00
April 1, 1944—March 31, 1945....	215,055 00
April 1, 1945—March 31, 1946....	241,529 38
April 1, 1946—July 31, 1946.....	22,169 15

QUESTION PASSED AS ORDER FOR RETURN

CUSTOMS OFFICES

Mr. ROBINSON (Bruce):

1. How many customs offices have been (a) closed; (b) opened, in each province of Canada since January 1, 1928?
2. Where was each customs office located that was (a) closed; (b) opened, and what was the date in each case?

Mr. McCANN: Return tabled.

JAPAN

CONTROL AND SUPERVISION—REPORT AS TO PARTICIPATION OF CANADA

On the orders of the day:

Mr. GORDON GRAYDON (Peel): My attention was drawn this morning to an Associated Press dispatch from Tokyo, Japan, which indicated that General MacArthur had in mind or had proposed that some of the smaller or middle powers, including Canada, would be invited to join the allied war council, which at present consists of Russia, China, Great Britain and the United States, for the supervision and control of Japan. In view of this statement I take it that some preliminary formalities have been carried on between the Canadian and United States governments, or between the Canadian government and General MacArthur, and I should be glad if the acting Secretary of State for External Affairs would make some statement to the house concerning this matter, if he is in a position to do so.

Right Hon. L. S. ST. LAURENT (Acting Secretary of State for External Affairs): The hon. member was kind enough to show me this dispatch, which I had not seen until a few minutes ago, and which is dated Tokyo, August 13. The first paragraph indicates that General MacArthur "to-day" which would be August 13, in Tokyo suggested the "informal and unofficial" addition of seven members, including Canada, to the allied council for Japan. No invitation has been received, and probably there would not have been time for any invitation to come in the regular way, since the alleged statement would appear to have been made in Tokyo. I see nothing in the dispatch about there having been preliminary discussions in that regard between the Canadian and United States governments, but I shall make inquiries of the permanent officers of the department as to whether there have been any such preliminary discussions, and inform the hon. gentleman thereafter.

Mr. GRAYDON: I did not intend my remarks to be interpreted as meaning that there had been preliminary discussions, but I took it that in the normal course there would be preliminary discussions before General MacArthur would make any announcement.

HOUSING

VETERANS—ALLEGED IRREGULARITIES—INVESTIGATION BY MOUNTED POLICE

Mr. J. A. ROSS (Souris): Can the Minister of Justice give us any report on the investigation by the R.C.M.P. into the reported waste and irregularities in the construction of a group of houses under the Veterans Land Act at Boucherville, Quebec? Some months ago the Minister of Veterans Affairs informed the house that this investigation by the R.C.M.P. was under way.

Right Hon. L. S. ST. LAURENT (Minister of Justice): My understanding is that the investigation is still being pursued. A couple of weeks ago there was a request from the Department of Veterans Affairs for the appointment of counsel to institute prosecutions, and I understand counsel was appointed and is consulting with the investigators of the R.C.M.P. as to the proper proceedings to be instituted. The appointment of counsel was made some ten days or two weeks ago.

LABOUR CONDITIONS

TYPOGRAPHICAL UNION—SOUTHAM NEWSPAPERS

Mr. STANLEY KNOWLES (Winnipeg North Centre): I should like to direct a question to the Minister of Labour in reference to the typographical dispute. Has he as yet received a report from Mr. Justice Richards, or is there any statement he can make in connection with this matter?

Hon. HUMPHREY MITCHELL (Minister of Labour): The answer to both questions is no.

APPOINTMENT OF CONTROLLER FOR BOX FACTORIES IN BRITISH COLUMBIA

Hon. GROTE STIRLING (Yale): Has the Minister of Labour any information to give the house in regard to the appointment of a controller for the box factories in the interior of British Columbia?

Hon. HUMPHREY MITCHELL (Minister of Labour): The controller who was placed in charge of both the coast and interior operations was withdrawn on August 10, after settlement of the dispute between the organization and the employers. I shall be glad to discuss with the Acting Minister of Finance the other aspect of the matter which he has in mind, namely, the maintenance of production in the box factories.

BACON

BRITISH CONTRACT WITH DENMARK

On the orders of the day:

Mr. J. A. CHARLTON (Brant): Mr. Speaker, last Thursday, August 8, I directed a question to the Minister of Trade and Commerce with respect to the British-Danish bacon contract. This question was referred to the

Acting Minister of Agriculture with the promise that a statement would be made on Saturday. That statement has not been made. I see that the minister is in his seat this morning; may we have an answer?

Hon. J. G. GARDINER (Minister of Agriculture): I understand the house is about to go into the estimates of my department, and these estimates include the bacon contracts. I had intended to make a statement as soon as we got into supply.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

Mr. MACKENZIE: Last night I asked that the two items be called, 266 and 57, for the Prime Minister's office and the Department of Finance respectively. This still leaves hon. members another department for purposes of ventilating any grievances which may arise.

Mr. GRAYDON: Do you think there will be some?

Mr. KNOWLES: What is that other department?

Mr. MACKENZIE: Legislation.

PRIME MINISTER'S OFFICE

266. Salaries of staff and cost of living bonus and other pay list items, $78,073.

Item stands.

DEPARTMENT OF FINANCE

57. Departmental administration, $803,954.

Item stands.

DEPARTMENT OF AGRICULTURE—DEMOBILIZATION AND RECONVERSION

479. Meat board, $5,168,799.

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Chairman, the seven items under demobilization and reconversion, which are placed under the Department of Agriculture, were discussed in a general way during the general discussion on agriculture estimates. I think we covered practically every item, but inadvertently at the end of the discussion of the general items we did not do what was done in some other departments, namely, go directly to demobilization and reconversion and pass those items. For this reason they still stand to be passed by the committee. However, probably it was just as well that that was done, because two or three other matters have come up since that time. I would call the attention of the committee to the fact that one of those subjects—the contracts with regard to meat products, and particularly bacon—can be fully discussed under item 479, which is now before the committee. Another item which hon. members desire to discuss—or one would assume that, from questions which have arisen—is 478, which deals with the dairy products board. This will permit of discussion in connection with milk and other products. I am therefore calling item 479 at this time. It will be followed by 478. Along with those I should like to ask the privilege of calling item 375 in the Department of Trade and Commerce, with which both the Minister of Trade and Commerce and I are concerned. This covers the matter of the wheat contract.

I suggest that if we open our discussion by confining ourselves first to the meat board, second to the dairy products board and third to the wheat contracts, we may be able to satisfy hon. members in connection with some questions that are now in their minds. On the other items under demobilization and reconstruction, some five in number, I should be prepared to answer any questions arising generally in connection with those matters. We would first have a general discussion on the items I have mentioned, proceeding from one to the other. We might confine our discussion to the three important matters embraced by these, and then deal with the general situation under the other items. If that is satisfactory I shall proceed on that plan.

My reason for asking the committee to agree to this procedure is that, as Minister of Agriculture I have been asked to proceed to the food conference to be held in Copenhagen on September 2. In addition I was asked some months ago by His Worship the Mayor of Dieppe to accept membership on a committee having to do with a monument to be erected to the honour of Canadians who served at Dieppe on August 19 four years ago. Within the last two weeks I have had a special invitation from the mayor of Dieppe to be the guest of Dieppe on the occasion of the laying of the cornerstone of that monument on Monday next. Since I was going to Europe anyway to attend the food conference I have planned to leave on Friday and fly to Europe and remain there for the conference. I am suggesting this means of getting right at the items with which I think hon. members are concerned, and with which I am concerned as Minister of Agriculture, in order that we may deal with them to-day and to-morrow morning, if it is necessary to go into to-morrow morning, in order that they may be fully covered while I am still in the house. If it meets with the approval of the committee I

shall move down with the Minister of Trade and Commerce and proceed to discuss them in that way.

As to item 479, dealing with the meat board, a question was asked in my absence the other day with regard to the contracts which have been entered into between Britain and Denmark and their relation to the contract which we have with Britain for the delivery of bacon to that country. I do not think it is necessary for me to go into the details of the contract which we have with Britain, other than to say that we have had contracts for the sale of bacon and ham to Great Britain ever since the fall of 1939 when the war began. Under those contracts we have delivered considerable quantities of bacon and ham to Britain.

The contracts started out with quantities much lower than have been provided in recent contracts. The highest amount we undertook to deliver under those contracts was in 1943. Since that time the amounts contained in the contracts have been reduced to 450 million pounds. The contract for the last two years has been a contract calling for the delivery of at least 450 million pounds. In one of those years we delivered more than that amount; in one year I think we delivered almost that amount, and this year we are not hopeful of being able to deliver that amount.

Under the contract entered into we have agreed to a reduction in the quantity that we are required to deliver to at least 350 million pounds. In 1948 we have agreed to attempt to deliver 400 million pounds. In other words we believe that we can increase deliveries in 1948 over the deliveries in 1947 and therefore we have entered into a contract under which we agree to deliver a greater quantity in 1948 than in 1947.

I think it is in order to explain the position which the government took in relation to the discussions which have taken place and the contract which resulted therefrom covering the years 1946, 1947 and 1948. The 1946 price was arranged at $22.50 per hundred pounds. One should distinguish between a hundred pounds in Canadian terms and a hundredweight in British terms, because the failure to make that distinction has resulted in wrong information being published in the press with regard to the difference between the price that is being obtained by Denmark and the price that is obtained by Canada in connection with this contract. Discussions with regard to our contracts have usually been in terms of Canadian hundred pounds, but when Britain is discussing a contract of that kind it is always discussed in terms of the British hundredweight, which is 112 pounds. That has resulted in misunderstanding in discussing the price that is being obtained.

By way of laying a background, I should like to say that we have no official information, other than what has been in the press, with regard to the actual terms of the agreement with Denmark. We have been attempting to get official returns from the British representatives here, and they have been attempting to get them in Britain, but what I am going to give this morning is the closest possible estimate that we could arrive at from the press reports and from the information we have been able to obtain directly from the British officials here as to what is contained in the Danish contract.

Before giving these figures, I should like to point out that in relation to farm products and the prices to be obtained for them we have laid down a definite policy which has been discussed in this house on a number of occasions. We have had two objectives in mind. One is to maintain our marketings of farm food products in Britain at the highest possible levels made possible by the production which we have in Canada. We have attempted to avoid giving wrong information to the British as to what food would be supplied or could be supplied from year to year. Then we have written into the contracts the highest quantities that we felt sure we could deliver to the British.

Taking that into consideration we have not been prepared to agree that Canada ought to accept, even if it were suggested—and I am not saying it has been suggested—a constant reduction in the quantities contained in our contracts, beginning say with the first year after the war and continuing downward through the years following the war. We have taken the position in arranging prices, that we should not agree to ask our people to accept a gradual reduction in price for any product which we are selling to the British. I think it would give an indication to our people, to our producers particularly, if we were to agree to contracts with a gradual reduction in quantity and a gradual reduction in price, that we were being asked by the British or by other countries in which we might be marketing farm products to get back gradually to a position in which we would be marketing lesser quantities at a lower return. In all our discusisons we have attempted to maintain the position that we would have a stabilized price and a stabilized minimum quantity to be delivered into the British market over a period of time.

With these thoughts in mind I should like to make some comparison between the contract between Britain and Denmark as we

understand it, and the contract which we ourselves have arranged with the British people for the marketing of bacon and ham in Great Britain. The present arrangement between Great Britain and Canada provides for a price for Canadian bacon f.o.b. Canadian port of $25 per 100 pounds for 1946 and through from January to August of 1947. I use those months because as I understand it the Danish contract begins with September 1 and continues through until August 31, 1947. So taking that full year, beginning in Canada with September and continuing through to August, the Canadian price is $25 in Canada per 100 pounds. That Canadian price does not include the $1 per hundred which is paid by the federal government on A hogs by way of premium and 50 cents per 100 pounds which is paid on B hogs, nor does it include any subsidies that may also be paid by the provincial governments. The $25 per 100 pounds is the price obtained for Canadian bacon and ham at Saint John or Montreal for the product purchased by Great Britain. That price continues down to August 31, 1947.

The Danish price for the same period for 100 pounds—not 112 pounds—f.o.b. Danish port is $26.98, which is $1.98 higher than the Canadian price for the same period. That price of $26.98 continues down to September 1, 1947. Then from September to December, 1947, while the Canadian price is a flat price of $25 right through for all of 1946 and down to August 31, 1947, the price under the Danish contract is $25.19 per one hundred pounds beginning September 1 and continuing until the end of December. In other words, it is 19 cents higher than the price which we obtain in Canada for 100 pounds.

I come now to the year 1948. Remember that in 1947 we are to deliver 350 million pounds to Great Britain at $25 per 100 pounds, and in 1948, 400 million pounds, at a price yet to be determined. We are to determine that price some months in advance of Jaunary 1, 1948. But there is a floor placed under the Canadian price. The British have agreed that we shall not be asked to accept less than we were getting at the time the contract was changed in 1946 from $22.50 to $25. So that the floor for 1948 is $22.50, with the possibility of negotiating for a higher return for the bacon which we provide for Great Britain in 1948.

The price under the Danish contract for 1948 is $21.59 at a Danish port. That is, it is very much lower than ours.

Mr. TOWNLEY-SMITH: Is that a fixed or floor price?

[Mr. Gardiner.]

Mr. GARDINER: That is the price they are selling at. So far as we know, and I do not want to be too definite, those are the prices which have been stated in the press and which have been agreed to by the British officials here to be the price which they think is in the contract with Denmark. That is the information upon which any news items which have been written have been based, and the information is that the Danish price for 1948 will be $21.59. In other words, the Danish price starts out at $26.98 and gradually goes down to $21.59. I might point out that we in our discussions did not desire to enter into a contract which started out at a high level and went down to a lower level, particularly if we could get an average price throughout the period which would net us as much over the entire period as varying prices would have netted us, and we obtained that. The British fully understand our position, and I would judge from the figures here that they have taken into consideration the discussions they had with us when entering into a contract with Denmark, and they have not given Denmark any advantage whatsoever over us. There may be some conditions existing in Denmark which would have made it advisable and perhaps preferable for Denmark to ask for a higher price in the year immediately following the war and to be prepared to take a lower price later on.

Mr. SENN: Are the prices which the minister is quoting for No. 1 bacon, or is there any differential between the different grades that are being shipped from time to time?

Mr. GARDINER: We assume it is the same grade as ours. Our grades, as the hon. member for Haldimand will recall, were built up partly as a result of the experiences they had had in Denmark. Our prices are on our A's and B's. Denmark has a similar system of grading. Britain of course would not pay the same price for inferior bacon as for a higher grade. Any inferior bacon they buy from us they get at a lower rate. But the basic rate in the British contract is for the high-grade bacon.

Mr. HACKETT: Has Denmark granted any credits to Britain for purchases made in the Danish market as Canada has done for purchases to be made in Canadian markets?

Mr. GARDINER: As I said at the beginning, we have not full information with regard to the contract or the negotiations, but I hope to get more information when I am in Great Britain and Denmark. The best information I have I am giving fully to the house.

These prices which I have given are the prices which can be obtained f.o.b. Canadian port and f.o.b. Danish port. Before leaving that subject may I say that Denmark has paid no subsidies to their farmers for the production of hogs in the months that have gone by, but I understand from a report in the press recently that there has been introduced into the house in Denmark a proposal that they pay subsidies or premiums or something of that nature on hog production in Denmark in the months immediately ahead, to get greater production. If that is true, probably it will be found that the Danish premiums or subsidies will just about offset the premiums or subsidies which we pay in Canada. Therefore I think we are quite justified in making a comparison between the $25 price per 100 pounds in Canada and the $26.98 price per 100 pounds in Denmark. That $25 continues to the end of 1947 in Canada as compared with $25.19 to the end of 1947 in Denmark. But the Canadian price cannot drop below the floor of $22.50 in Canada, under the contract we have with Britain.

Mr. HACKETT: This all depends on the accuracy of the minister's information.

Mr. GARDINER: Yes, but it is as accurate as the information available to anyone who made criticisms in the house in regard to it, because it is the same information. The one mistake made by those who criticized was that they did not figure it was 112 pounds as against 100 pounds. Taking the relationship of the cost to Britain: Britain has agreed to pay under the Canadian bacon contract a price, plus the cost of getting it across the ocean and laid down in Britain, which costs the British people 147s. 6d.

Mr. COLDWELL: Per hundredweight?

Mr. GARDINER: That is one hundred and twelve pounds—their hundredweight. This price continues through 1946 and all of 1947; and then the guarantee which we have from them for 1948 is 133s. 7d.—that is what it figures out as the cost to them in Britain.

The Danish contract, as it has been reported to us, would make bacon laid down in Britain cost the British, for 1946, 153 shillings and for 1947 153 shillings—that is down to the thirty-first of August; from September to December, 1947, 143 shillings; and for 1948, 123 shillings. That is, the floor which we are guaranteed in Britain for 1948 would still be 10s. 7d. above what the Danish people have agreed to lay bacon down for in Britain during 1948.

Mr. HACKETT: Is that hundredweight 100 or 112 pounds?

Mr. GARDINER: It is 112.

Mr. HACKETT: It is very confusing.

Mr. GARDINER: In both cases the prices of bacon laid down in Britain are expressed in shillings and pence and the hundredweight is 112 pounds; but in dealing with the Canadian price in Canada the hundredweight is 100 pounds.

Mr. HACKETT: The minister uses 112 pounds in one place and 100 pounds in another.

Mr. GARDINER: If you read *Hansard* afterwards you will see that there is no confusion.

The ACTING CHAIRMAN (Mr. Golding): Order. It would be better to let the minister make his statement.

Mr. HACKETT: It might be better, but it does not help.

The ACTING CHAIRMAN (Mr. Golding): Try it.

Mr. GARDINER: Then there is the history of the development under the contract, which I think should be laid before the committee. My understanding is that the contract with the Danish people is for the delivery of 41,000 long tons; that is, 92 million pounds, in order to get it into the figures which we usually deal with. The figures in relation to the supplying of bacon to the British market immediately prior to the war, during the war, and now are, I think, interesting in the light of these contracts. In 1947 we are to deliver 350 million pounds. The Danish people are going to deliver 92 million pounds. We are agreeing to deliver in 1948 400 million pounds, and if we are to deliver that amount of course it will not be necessary gradually to increase the purchases from elsewhere. If we are not able to deliver the 400 million pounds or to keep up our 350 million pounds, I am quite sure that no one in Canada is going to blame the British for going to Denmark or anywhere else to get what they must eat. So if we deliver our product at these prices—and our prices are higher in the last years than their prices—we shall be able to supply the British market.

I should like to place on *Hansard* the figures in relation to the supplies of Canadian bacon to Britain form 1937 to 1948. I will read them, but I think it would be better to print the table just as I have it here.

Mr. COLDWELL: Has the minister a comparable table regarding the Danish contract?

Mr. GARDINER: I have, yes. It will go right alongside of the other.

The ACTING CHAIRMAN (Mr. Golding): Has the minister permission to put it on *Hansard*?

Some hon. MEMBERS: Agreed.

(The table follows):

United Kingdom Imports of Danish and Canadian Bacon

	Canadian Bacon Volume (1,000,000 lb.)	Danish Bacon Volume (1,000,000 lb.)
1937	192·0	384·0
1938	169·6	379·6
1939	186·5	nil
1940	344·2	nil
1941	460·8	nil
1942	524·9	nil
1943	560·3	nil
1944	692·3	nil
1945	446·1	nil
1946	*325·0	*92·0
1947	*350·0	*120–200
1948	*400·0	*120–200

(* Estimated)

Mr. GARDINER: As to the percentage of total imports to Britain: Canada supplied 20·03 in 1937; 18·57 in 1938; 85 in 1944; 65 in 1945. In 1946 the percentage will be less, but in 1948 we hope to get back to almost 65 per cent, or at least to 60 per cent of the total supplied to the British market.

As to the Danish bacon supplied in the same period: in 1937, 384 million pounds, or 49·5 per cent; in 1938, 379·6 million pounds, or 49·2 per cent. Then the war came on, and from 1939 to 1946 they did not supply any. In the early part of 1946, and possibly the latter part of 1945, they have been supplying some, but while the war was on they were not permitted to supply any to Britain. In 1946 they are agreeing to supply 92 million pounds. In 1947 they are hoping to be able to supply 120 to 200 million pounds, and in 1948 they hope to supply under the agreement between 120 and 200 million pounds, the minimum being 120 and the maximum being 200 million. I have no figures here as to what percentage that would be of the British requirements, either in Canadian or Danish but I will have this table placed on *Hansard*.

According to the terms of the United Kingdom-Danish agreement, the United Kingdom will receive 92 million pounds and Russia will receive 56 million pounds of the total exportable surplus during 1946. Britain is not the only country involved in the agreements which are being entered into with Denmark. Denmark has agreed to supply 90 per cent of her surplus export to Britain and 10 per cent to Russia. The proportions are not contained in these figures for 1946. This is the arrangement which has been entered into. In 1947 and 1948 Denmark is entitled to sell Russia ten per cent of the total exportable surplus production which will largely depend upon feed supplies in Denmark. It is estimated that the exports may be from a minimum of 135 million pounds to a maximum of 225 million pounds, of which the United Kingdom might receive from 120 to 200 million pounds annually.

That is the full statement with regard to the contracts as it has been given to me and I wish to present it to the committee. If there are any questions I shall be glad to answer.

Mr. COLDWELL: Are there any other factors in the two agreements mentioned between Russia and Denmark regarding the exchange of goods or between Britain and Denmark so far as the payment is concerned?

Mr. GARDINER: We do not know of any.

Mr. COLDWELL: We have no such arrangement ourselves?

Mr. GARDINER: No.

Mr. FULTON: In giving the comparison between the Danish price and the Canadian price paid by Britain the minister gave the figures down to August 1947, and then from September to December 1947. He then gave the figures for 1948. I should like to go over them to see if I understand them correctly. The minister said that he was speaking of hundred pound quantities Canadian weight, and that the price down to August 1947 is $25 for a hundred pounds Canadian; is that correct?

Mr. GARDINER: Yes.

Mr. FULTON: Then from September to December 1947 it is $25 for a hundred pounds. In 1948 we contracted to supply 400 million pounds at not less than $22.50 for a hundred pounds Canadian. I think the minister said that at that time the $22.50 was the price which prevailed until the contract was renegotiated and the British began to buy from us at $25 a hundred pounds. Is that correct? This is all based on one hundred pounds Canadian weight. The minister gave figures which show that while we started out at $1.98 a hundred under the Danish price, $25 as compared with $26.98, we would end up with our floor price of $22.50 being 91 cents above their price of $21.59 in 1948, and that we might have it higher. The reason I have asked to check these figures is that this

matter came up last December when we were discussing the estimates and I inquired of the minister why it was that when we undertook to sell our bacon to England at 113 shillings a hundredweight the price of hogs on the Canadian market immediately dropped. The minister gave an explanation at that time which seemed to account for it. He said that some Canadians had been paying more in Canada for hogs than the market would warrant. With regard to the Canadian price he said, as reported at page 3171 of *Hansard* of December 8:

All I can say with regard to the price is that it eventually reached 113 shillings and we took care of it out of mutual aid.

At page 3172 I asked a further question with reference to it, and I said that working it out at 113 shillings a hundredweight it comes to $24.75 a hundredweight, and the minister said:

It is $22.50, to be exact. I was speaking in terms of 112 pounds, which is the British hundredweight, and that makes a difference. The actual figure is $22.50.

The minister assured me last December that that was the price for 112 pounds. He now says that in 1948 we shall be getting a guaranteed price of $22.50 for a hundred pounds. There is a discrepancy there. If $22.50 for 112 pounds was the floor price which we were getting then, how it is that he says—

Mr. GARDINER: I think it is the other way round. I say that from listening to what the hon. member has said. I have not looked up *Hansard*. The hon. member for Kamloops was figuring out what we would get for 112 pounds, which may work out to $24 and something, but I was figuring on what we would get for 100 pounds, which works out at $22.50. I think that was the point.

Mr. FULTON: It was 113 shillings for a hundredweight and I was figuring at 100 pounds.

Mr. GARDINER: I would have to go back and check *Hansard*. I will say this, which may give the explanation the hon. member is seeking. There is a difference in the exchange now. The exchange rate will give us a higher return on the present basis.

Mr. FULTON: The minister says that for 1948 we are guaranteed the price which was in effect before the contract was changed, $22.50 a hundred pounds.

Mr. GARDINER: With the present rate of exchange figured in.

Mr. FULTON: The minister did not make that clear. He merely said that it is the same price in dollars as we were then getting, $22.50 a hundred pounds, but as I understood him last year, and as it would appear from *Hansard*, it was $22.50 for 112 pounds. Will the minister clear up that contradiction? Is it $22.50 for 112 pounds? That makes our price less than the Danish price.

Mr. GARDINER: I am told by the official who drafted the contract and is now sitting in front of me, and who did all the figuring and produced the figures which I am giving to the committee, that the difference is brought about by the difference in exchange. Both sets of figures are correct, the ones given at that time and the ones I am giving now; but I should not like to go into the details of an explanation on the difference in exchange.

Mr. FULTON: What I am trying to get at is this; is it $22.50 Canadian dollars for 100 pounds or $22.50 Canadian dollars for 112 pounds?

Mr. GARDINER: It is $22.50 Canadian funds for 100 pounds.

Mr. FULTON: That is a different price from the one which was before us last year. It was $22.50 for 112 pounds, according to the minister's statement. Therefore, if he says we are going to get the guaranteed price which we had before, it seems to me that some adjustment will have to be made. I should like to refer the minister to page 3172 of *Hansard* of December 8, 1945.

Mr. GARDINER: We shall have it checked up and see whether we can get the answer.

Mr. BRYCE: There is one thing on which I am not clear, and one of my colleagues tells me that I am wrong. I refer to the 1948 floor price. Did the minister say that it was $22.50 and that it was going to be almost $25?

Mr. GARDINER: No.

Mr. BRYCE: I am wrong, then.

Mr. GARDINER: I said the floor price is $22.50, but the price to be paid is still to be negotiated.

Mr. BRYCE: But it will not be any less than $22.50?

Mr. GARDINER: It will not be any less.

Mr. CASTLEDEN: Is $21.59 the Danish floor price?

Mr. GARDINER: That is the actual price, as I understand it; we may get other information, but that is the way we understand it.

Mr. BRYCE: I have always been in favour of stabilized prices. You get a stabilized price when you sell to Britain. What arrangement

is the board going to make to see that the farmer gets a stabilized price? On occasions the minister has said in the house that the packer has paid too much. The packer has told me that we were getting $1 a hundred too much for our hogs. When we take a drop he uses this argument: "Well, we paid you too much a month ago, when receipts were low." When the government makes an arrangement for a stabilized price to the farmer it should be the obligation of the meat board to see that every farmer gets the same price for twelve months of the year.

Mr. GARDINER: Perhaps in my statement I should have said that the prices arranged for in the contract have been, ever since 1939, the floor prices in Canada. This is the floor price; it is not the highest price a farmer can get in Canada, but he does not get less than this, and my understanding is that from 1939 up to the present he has never got less than the price which can be properly paid for certain grades of hogs under our grading system than the British contract provided for. The other point raised is that there are times when some person somewhere, or some packer somewhere, has considered it perhaps in his own interest to pay a farmer more than the floor price provided in these contracts, in order to get the hogs during a certain period. We have never taken the position that we should say that higher price may not be paid. Probably if we were going to stick exactly to the idea that we must have a stabilized price which brings the same return on the market at all times, we should do that; but I have always questioned whether it would be in the interests of the farmer to do so.

Mr. BRYCE: I have never worried very much about the farmer getting too much; I have always worried about him getting too little. As the minister knows, when we get a flooded market the packer can pay less, and the farmer has to take less because once he delivers his stock he has to take the price offered or take the stock away again, and he does not act in that way. The Minister of Trade and Commerce is here with the Minister of Agriculture, and I should like to ask what arrangement he is making in connection with bacon to educate the British people that it is not American bacon but Canadian bacon they are eating. I was over there this year, and I am satisfied that Canadian bacon is the finest bacon reaching Britain to-day. It is as good as the bacon Britain herself is producing, but the people there still think they are eating American bacon. We must do a great deal of advertising over there to educate the people to the fact that this good bacon they are getting is Canadian bacon.

Mr. SENN: The first point raised by the hon. member for Selkirk I think is important. I have here a copy of the order in council setting up the meat board, and under paragraph (e) one of their duties is to fix the minimum prices to be paid by packers or other persons for live stock. I should like to know whether the meat board has even gone into the question which was raised by the hon. member for Selkirk, as to the variation in price from time to time. Have they ever made an investigation, when prices were lower than at other times, to see whether those prices were lower than would be warranted by the prices received for the bacon? It seems to me that is important. Then I agree with the other suggestion made by the hon. member for Selkirk, namely that some kind of arrangement should be made in Britain in order to be sure that when the British people eat our class A or class B bacon they know it comes from Canada. There is another point involved in that. If they are bringing in bacon from Denmark and other parts of the world to feed the British people, I have heard it suggested that they keep Canadian bacon in storage too long, until it deteriorates in quality. When that happens there is trouble and our bacon gets a bad name when it should not. I believe these matters should be looked into very carefully. Perhaps they have been, but I should like the minister to state whether from time to time our bacon has been kept in storage over there so long that it has deteriorated, and as a result did not get as good a name with the consuming public as it should.

Mr. GARDINER: In reply to the questions raised by both hon. members I should say that rather than stating the duties of the board, the order in council gives the board certain powers.

Mr. SENN: Yes.

Mr. GARDINER: To be candid, we saw to it that the board was given all the powers we expected they would require or might require in order to enforce any regulations that might be brought into operation. The reason for the power which has been just recited to the committee was the fact that we did want to keep check all the way through on packers and others who were buying hogs, to see to it that they did pay prices which bore a proper relationship to the British contract, the floor price; and we did keep that check all the way through. I am told by the meat board that at no time, even when we were shipping the greatest quantities of hogs ever shipped to

this market, which was through 1944, was that floor broken by those buying hogs for shipment to Great Britain. I should say, however, that we had two periods during which there were strikes; two, at least and perhaps one other. During those periods, while it was true that the hogs were not bought at prices below the floor, the farmers did have to keep hogs on the market for days and perhaps pay the cost of keeping them there, which meant that the farmer got a lower return than the price should have netted him by the time he was able to sell the hogs, which perhaps had also lost weight. I would not say that during the whole period of the contracts the farmers did not have to take a return that netted them less than the floor provided, but that was only for limited periods while we had difficulties because of strikes, and those periods were as short as we could make them by action taken to bring the strikes to an end.

On the other question, of the British knowing what they are consuming, during the war there was a period when I think we were supplying as high as 85 per cent of the importations, as these figures show. We did try to make it known to everyone during that period of time that most of the bacon on the British market was Canadian bacon. All the bacon is stamped, of course; but as everyone knows the housewife does not see the stamp. Probably the rind is taken off, or if it is left on the bacon is cut in strips, so the word does not appear. We had complaints that bacon supplied to our own armed forces was Canadian bacon and was not up to standard. We had other complaints as well. All those complaints were investigated, and in each case where it was fat bacon it was found that the bacon had been supplied from the United States or elsewhere, where it is customary to produce that kind of bacon. I would not say it is inferior to our bacon, but it is not the type of bacon the British like, and is not the type we produce. On each of those occasions we were able to show that it was United States bacon. Only yesterday I had a letter from one of the leaders of one of the farm organizations in Canada. He has just returned from Britain, where he addressed twelve meetings. He said this question came up at every meeting; at the end of the meeting they started discussing this heavy bacon, and on each occasion he was able to satisfy them that it was American and not Canadian bacon. On the other hand he tells me that the same discussion took place with regard to our beef, with the British saying that the beef they are getting is cow beef. That is perfectly right; most of the beef they have got in Canada is cow beef. The British who are purchasing it know that they are paying a lower price than for red or blue brand beef, and they are taking it in greater quantities. So as long as they themselves know what is going on I do not think there should be any difficulty.

Then there was the other question, as to whether our bacon is stored too long. Immediately after the war stopped the Danish people started to move their mild-cured bacon into Great Britain. Well, of course if you put mild-cured bacon in Great Britain alongside Canadian heavy-cured bacon, in order to meet the situation existing in England, our bacon would be at a disadvantage.

We sent Mr. Pearsall to England more than a year ago to go into that one question with the British people. He pointed out the unreasonableness of their buying our bacon in large quantities and requiring us to put it under heavy cure in order that they might hold it and distribute it over a period of time, to make the quota possible, and not using the Danish bacon in the same way. The result was that the British themselves brought in regulations which made it necessary for the Danish people to supply bacon which would keep as long as the Canadian, with the same cure. So that from that time forward Danish bacon going into Great Britain has had to meet the same conditions as Canadian bacon, and be cured in a manner which will make it possible for it to be carried as long as Canadian bacon can be carried.

Mr. COLDWELL: Are the curing houses which were destroyed during the war being rebuilt on the east coast, opposite Denmark, or are some being built on the west coast? When I was over there several years ago I was told that one of the factors in heavy curing from Canada was that the smoke houses were on the east coast of Great Britain, and it meant a haul across the country by ordinary freight, with additional risks to the bacon.

Mr. GARDINER: The hon. member is referring to the curing houses in Great Britain?

Mr. COLDWELL: Yes. In view of this long-term contract with Canada I think some pressure should be brought to bear to get that advantage, which the Danish people have.

Mr. GARDINER: We have no information on that. I believe the hon. member is referring to the places which were destroyed on the Thames, for example.

Mr. COLDWELL: Yes.

Mr. GARDINER: They are on the river, as one comes into London. I believe the smokehouses are being reestablished there.

Mr. WRIGHT: The minister's statement has been most interesting, and certainly clears up much of the misinformation, if I may so describe it, which has appeared in the press respecting the differential between the Canadian price and the Danish price. I believe there is still a big problem facing us in Canada if we are to meet our obligations or requirements with Great Britain in 1948, and in other years. The figures given by the minister indicate that our production is dropping, while Danish production is going to increase. Eventually if that trend continues we shall find ourselves again in a position of having a smaller portion of the British market. There are certain things which I believe we have to do in Canada if we are to maintain production. In the last year our production has dropped tremendously, and there is not very much indication that it will increase in 1948, to meet our contract. As a matter of fact in July of this year the production of bacon in Saskatchewan was only one-sixth of the amount produced in the same month in 1944, and half the amount in the same month last year. This indicates a tremendous reduction in production, and indicates also that unless there is a change we shall not be able to maintain our exports this year, let alone increase them for 1948.

To a great extent the Danish people produce bacon from feed that is imported. Before the war at least some of that feed, a fair proportion of it, was imported from Canada. Our freight rate structure was such that the export freight rates on coarse grains allowed the Danish feeder to obtain that feed in Denmark cheaper than feeders in Ontario could secure it. During the war we overcame that by subsidizing freight rates on feeds from Port Arthur to eastern Canada.

I suggest the minister should give some indication of what steps the government is going to take to try to increase the production of bacon in Canada to meet the contracts we are entering into. The portion of the country I represent has been one of the greatest hog-producing areas in western Canada; yet I have been alarmed at the complete disappearance of hogs from the farms in that area in the past year, and at least at the present time I can see no indication of the farmers there getting back into hog production. It is a serious situation; it means that we shall have to depend upon one crop in that area, just as they do in southern areas of Saskatchewan. There is no indication at present that this trend has stopped, or that in that area we are going back into hog production. Has the government any policy in connection with increasing hog production in Canada to meet these requirements?

Mr. GARDINER: As I said a few minutes ago, the position is that hog production has been going down. Everyone knows that. There are different contributing factors, the most important of which, of course, is the feed position. Unfortunately I found that out in my own farming operations, which are located somewhat south of those of the hon. member for Melfort, in an area where hogs are not produced so extensively as they are in the Melfort district. Nevertheless we are entirely out of feed, and have been for two or three weeks. With the feed we had, we have attempted to keep our hogs up to the numbers we were carrying in 1933 and 1934. But we just cannot do it. No matter how hard we try we cannot, because we ran out of feed. Of course that can be cured only by having good crops, or by something happening to the crops which would make it difficult to market the grains in the ordinary way. Apart altogether, however, from what happens to the crops, our statistics show that the turn has come in connection with the decrease in the production of hogs, particularly in eastern Canada. Our estimates indicate that the deliveries of hogs in the first quarter of 1947 will be about ten per cent higher than they were in the first quarter of 1946. They suggest that if nothing at all had happened in the west they may have still continued to go down a little, but probably the west generally would pretty well have held its own in the first quarter of 1947 as against the first quarter of 1946.

We are already getting indications that farmers in Saskatchewan are looking for sows. I learned the last time I was home, and the records here show, that those requests are coming from the north and central parts of Saskatchewan, and into Alberta. The reason lies in the frozen crop this year in certain areas. The farmers are now preparing to feed that frozen wheat. Our statisticians figure that that will result in some increase in hog production in the west as well. If this carries on through 1947 and into 1948, as we hope it will, we believe we shall be able to maintain the programme outlined under the contract.

The question has been asked as to what the government is doing to encourage hog production. We are of course continuing the publicity with regard to the necessity for such production, and the advantages farmers are likely to obtain over a long-term period by continuing it. In addition to that we

are still proceeding in these estimates to maintain the low freight rates, or to wipe out the freight altogether on grain from Fort William east, to be shipped to farmers who, if we did not do that, would probably find it to their advantage to have their grain shipped to Denmark and elsewhere to be fed to live stock in those countries, such grain being delivered to the farmers in those countries at rates probably as low as or lower than apply to deliveries to eastern Canada farmers. As has been suggested, we have taken care of that during the war, and in these estimates we propose to take care of it in the next fiscal year. Beyond that I am not able to say what will be done about freight rates. I am assuming that so long as we have contracts, some arrangements will have to be made about freight in order to make it impossible for grain to be taken from Canada and fed elsewhere at lower costs to farmers in other places than that at which it can be fed by farmers in this country.

Mr. WRIGHT: I should like to point out one way in which I believe increased production could be obtained in the west. The price differential obtaining in the markets of eastern and western Canada should be wiped out. In my estimation there is no justification for hogs selling at one and a half to two cents per pound more on the Montreal and Toronto markets than they do on the Calgary, Winnipeg and Edmonton markets. The government is paying the freight on grain from Port Arthur to eastern Canada which is used for the feeding of hogs. If the government are prepared to do that in order to assist the feeders in eastern Canada, they should be prepared to absorb the freight on the finished hog from western to eastern Canada and thus cut out the differential between the eastern and western markets. If the farmers in western Canada were obtaining that extra cent and a half per pound that is received on the eastern market, production in the west would be increased and that would help you to meet your quota.

Mr. FAIR: The question raised by the hon. member for Melfort has been discussed to a considerable extent in my part of the country. The people are using the argument that if the government see fit to pay the freight on feed grain to eastern Canada there is no reason why they should not arrange for a levelling up of the prices as between the eastern and western markets. I think the frost that we recently had in the west will help the production of hogs and cattle. If the grain harvested had been high grade there certainly would have been some decrease in production as compared with 1944 and 1945, but as things now stand, and as has been pointed out by the Minister of Agriculture, hogs will be raised in order to consume the lower grades that will be harvested in the west. Following up what the hon. member for Melfort has said, I should like to ask the minister to consider the levelling up of prices at between eastern and western Canada.

Mr. BURTON: I do not intend to get into a controversy with the hon. member for Melfort as to which district produces the best hogs or live stock. I will concede that they have made quite a business of it, but the district I represent has been in mixed farming ever since it was opened up. As has happened in the Melfort area, there has been a sharp decrease in the production of hogs in the Humboldt area. This is not the result of a lack of feed, which is the cause advanced by the minister in connection with his constituency. Farmer after farmer with considerable quantities of feed on hand has reduced his production of hogs during the past year or two; some of them have gone out of production entirely. In that area at least it is not a question of feed; this decrease in production is due to dissatisfaction among the farmers over the methods that have been used, as have been referred to by the hon. members for Melfort and Battle River.

I urge the minister to give careful consideration to the suggestion made in that respect by the hon. member for Melfort. In case there is any hope that the early frost might bring about an increased production of hogs I would point out that a frost during blossom time, which was when this frost occurred, does not give you pig feed. When a frost occurs at that time that is the end of it as far as grain is concerned. In all probability the wheat would be used for forage purposes in the production of live stock, but it will not produce pig feed.

There is another thing I should like to discuss with the Minister of Agriculture and the Minister of Trade and Commerce. I should like to know just where the Canadian meat board ceases to have control, of our bacon for instance. Just how much follow-through is there? How much control have we over this product so that we can say that this is top-grade Canadian bacon? If we are not able to follow this through to the consumer we may run the risk of having inferior bacon placed on that market. In my opinion the meat board should be able to place this product in the hands of the distributors in Britain and say that it is top grade Canadian bacon. While I

am not an expert on this matter, I know that the manufacturers and distributors of automobile tires put out a certain grade of automobile tire which is their top grade. They may even have a second grade tire. These same manufacturers of automobile tires manufacture tires for mail order houses and so on, but they are as jealous as they possibly can be of their trade-marked product. In supplying bacon to the best and largest customer we have we should see that our top grade product is put into the hands of the distributor and kept under control in such a way that no other bacon, even inferior bacon from our own country, can be slipped in to the detriment of our trade.

Mr. GARDINER: In answer to what has been said I would say that we always deal with the government of Britain in making these contracts. The food ministry not only buy all the food that comes into Britain; they control all the food produced there and its distribution. So long as there is a food ministry in Great Britain which is rationing food and distributing it, they will not permit this government or anybody else to advertise anything in Great Britain. They do not permit us to go in and say that our bacon is better than or as good as the bacon produced by anybody else. The British government take all the bacon and ration it out at the rate of so many ounces per week. The people in Great Britain have to take what they get from the government. The British government will not allow us to go in there and say, "You are handing out American bacon to the people and you ought to be giving them ours." That is what advertising really amounts to. That is what you accept when you accept government control of the marketing of any product. I suggest that probably it is not very good socialism for us to go and tell the British government what to do. They are taking all they produce and all they import and are distributing it among their own people, saying: This is your food.

Mr. BURTON: That is just a temporary condition.

Mr. GARDINER: It has been pretty long drawn out, for six years at least, and is likely to go on for three or four years more according to the contracts they have entered into. Some people hope it will go on for ever, but I do not know that I do.

Mr. COLDWELL: New Zealand butter is branded.

Mr. GARDINER: Ours is branded too, and we brand our bacon. It has "Canada" stamped all over it. I doubt whether a pound of butter would get out to householders in Britain in the carton, because so many things are sold by the ounce there, and most of the butter is served in little sections in hotels and restaurants and so on; so that the people know very little about where the article they are eating comes from. That is bound to be the case so long as they regulate the distribution of food, and there is not much that we can do about it. But we have over there four inspectors who inspect everything that arrives in Britain and report back to us whether it is in good shape. We had six inspectors over there prior to the war. We also had men over there recently who have just come back and reported to us. The hon. member for Selkirk reported to me personally what he told the committee a few minutes ago. He and I were both over there last January. He is more of an expert on bacon than I am, and made more investigations than I was able to make. He reported to me there, as he has reported to the committee to-day, that the best bacon he found in Britain was Canadian bacon. As long as we can keep up to that standard we are doing everything possible under the circumstances.

Mr. BRYCE: The people over there do not distinguish between American bacon and Canadian bacon—just as when we were coming over here we used to say: "We are going to America."

Mr. ROSS (Souris): I wish to support the hon. members for Melfort and Battle River in their suggestion that something be done to counterbalance the assistance that is given on feed grain coming east. The present policy does not encourage the production of hogs. I agree that there is some demand for breeding sows in areas where the crop has been frozen, but that is only a temporary condition. In Manitoba there has been a far greater decrease in the hog population in the last two years than in any other area in the west. There is plenty of feed grain in the province, so it is not for lack of that. It is because of a combination of circumstances, possibly because of income tax as much as anything else, and also the price of grain, that people have been driven out of hog production. You can go through my constituency to-day and you will never see a brood sow on a farm where they were producing many hogs all through the war years. I think the department will have to change its policy, and the suggestions made by the hon. members are along the right line to encourage hog production at least in western Canada. It is essential that we should encour-

age the production of more hogs in that area, and I hope that the minister will consider the suggestions very seriously.

Mr. WHITE (Middlesex East): As to the bacon deal with Denmark, it seems to me that at the end of 1948 Denmark will have been encouraged to produce bacon and will be in position to supply the demand, and the Canadian producer will find himself out on a limb and will be forced to take a much lower price than the contract now calls for. Feed costs enter into the production of hogs. Many farmers in my area are much disappointed over the price of Ontario wheat. Fifty years ago you could hire a man at $1.25 a day, and a bushel of wheat was then selling at $1.25. It is still selling at $1.25 but you have to pay a man $1.25 an hour, and the farmers are getting into a very difficult position.

Mr. WRIGHT: I do not think we have anything to fear in Canada in regard to the production of bacon. I am positive, from my observations, that we can produce bacon as cheaply in western Canada as anywhere. We grow the grain right there, and we have everything that is needed for efficient hog production. Given equal conditions, with farm machinery and the different things we need for hog production selling at a competitive level as our products must, we can produce bacon with any other country in the world and market it in as good condition as theirs. But when all these other factors which enter into our costs are interfered with, the machinery of production is thrown out of kilter and you do not get the production. That is why I am interested in seeing that the price received for bacon in western Canada is made equal to the price on the market in eastern Canada. The people of Canada are going to pay the freight rate on feed grain from western to eastern Canada, and I say that the man who is feeding it in western Canada should be given an equal opportunity and get the same price for his product. That would seem to me to be only fair.

Mr. McCULLOUGH (Assiniboia): I rise to support the suggestions of the hon. members for Melfort, Battle River and Humboldt, and to take exception to two of the reasons the minister gave for lack of hog production in the west.

Mr. GARDINER: I was going to correct that. I said that the shortage of feed was one of the factors. Then there is the difficulty of getting labour. Some people would rather have what they receive for their grain than what they receive for their hogs. Whether the price of one is higher than the price of the other is not the question. It is more difficult to get it through hogs than through grain.

Mr. McCULLOUGH (Assiniboia): I still take exception to what the minister said. I come from an area in Saskatchewan where we produce a lot of live stock. Our hog production in that area was high in the early part of the war. One reason for the western farmer going out of hog production is the price, but we have many other reasons. When the government wanted bacon for export, our farmers went into heavy hog production. We built electric fences, put in self-feeders and brooder houses, and altogether went into hog production on a large scale. Then we found that the government came out with its bonus of ten cents on oats and fifteen cents on barley. Labour and other costs of production make hog production no longer feasible, and that is why the western farmer went out of hog production. The time has come when we must have a national live stock programme which will give to the western producer a decent return, and not merely for hogs, comparable with that received in eastern Canada.

One of the chief points the minister brought out was that unless we can keep up hog production in Canada to meet the 400 million pounds which I think is the agreement we have with Britain, Britain will go out and seek food from Denmark. If we want to keep the British market I think we shall have to launch a programme for Canada, and not merely do what the minister apparently has done. It seems to me that mother nature comes to his rescue very often. Now it is doing so again in the form of frost; he says there is going to be a lot of wheat in western Canada which may only be useful for feeding to live stock. I remember that last year, at the end of the agriculture debate in this house, the minister said we had all the live stock in Canada that we could feed with the available feed on hand. I might point out to him that from that time until the present we have been shipping out from western Canada coarse grains suitable for live stock production; up to this time it has not been a matter of feed but one of price. I want to urge so strongly as I can the adoption of the recommendation of the hon. member for Melfort, that the western farmer should get a price comparable to that paid to the eastern farmer.

Mr. GARDINER: I want to correct one statement of the hon. member. There has been an embargo on the shipment of feed grain out of Canada.

Mr. McCULLOUGH (Assiniboia): I said, out of western Canada.

Mr. GARDINER: Out of any part of Canada. We are talking about producing live stock. The only feed grain that went out of Canada was the grain which was shipped after we were urged from every part of this house and from every part of Canada to let some oats go to Europe to feed people there. We have stopped all grain going out of this country, and all the grain has been fed. You could not feed any more live stock no matter what you did; all the grain has been fed; and to-day I am going to ask you in a few moments to put through estimates for the storage of grain in western Canada to feed the live stock that is there. We paid out hundreds of thousands of dollars last year to store grain in the elevators at Moose Jaw, Saskatoon, Calgary and Edmonton, to prevent its being shipped out of there at all, to keep it there to feed live stock in that area; and it has all been fed. We cannot find any barley. There is a small quantity of oats that we could ship out, but we cannot find any barley or any feed wheat to ship anywhere, whether outside Canada or inside Canada. The situation is that the grain has been fed. Well, if it has been fed, I do not see how you could feed any more live stock, no matter what you did. If it is a question of thinking that we ought to have more feed grown in Canada, probably we could get more feed grown by following some practices; but again, that would not meet the wishes of a lot of people who just a few months ago were saying that we ought to be growing wheat to the exclusion of other things, in order to feed people somewhere else in the world.

I agree with hon. members who have spoken that we have to pay a little more attention to the people who live in our own country than some of us have been tending to do in the last few months. To say that we should not grow any grain in western Canada to ship to eastern Canada is, I think, going a long way. I do not think it is a bad thing for the farmers in western Canada, when we give them the extra ten or fifteen cents on their oats and barley. Up to that time we were getting 67 per cent of our share of the income of the farmers of Canada as based on experience of 1926-29; and when we put the fifteen cents on barley and the ten cents on oats, and put up the initial price of wheat, we got into the position that we should occupy in relation to other farmers. We are a grain producing area. Grain is the natural thing for us to produce, and we can produce it. We have to have a market for it, and the best market for our feed grains is in western Canada. At the present time the best market would be in the United States, but if the grain went to them you would not be able to feed hogs either in eastern or western Canada. Usually the best market has been in the east, and we have been promoting the shipment of our grain from west to east. As long as we keep our present controls I do not think we can market it, to the advantage of the people generally, anywhere else.

Mr. McCULLOUGH (Assiniboia): I would just like to answer the minister for one moment, when he said that I said coarse grains had been shipped out of western Canada.. You cannot have it both ways.

Mr. GARDINER: There are no coarse grains shipped out of the area west of the Sault line. We absolutely corralled it there.

Mr. McCULLOUGH (Assiniboia): Three or four hon. members have said that their areas have been large hog producing areas. My own area is similar, but I can say that farmers in our constituency with oats in their granaries have gone completely out of hogs. If we want to have mixed farming in western Canada, if we want to have what we call a stability in agriculture, and mixed farming, to which many of these areas are adapted, if not perhaps the big grain sections, we must have a policy under which the farmer can have some trust in government policies and will know over a period of years that he is going to be able to get a fair return for the type of farming he undertakes.

Mr. SENN: I believe that the retention of the British market for bacon is very important. During the first great war we did get a fair market over there; we were shipping between 125 and 135 million pounds of bacon. We did not keep that up, and I think it is very important that, since we now have that market again, we should do everything possible to retain it.

I am not finding any fault with the suggestion which has been made by our western friends that there should be some method of equalizing the prices received for hogs by the western farmer and the eastern farmer. If that can be done, well and good. On the other hand I would not like to see the freight rates which have been paid by the government up to the present time on feed grains coming from the west cut off. We cannot afford to pay the freight rates in addition to the prices

we have to pay for feed grain and raise hogs at a profit, and I am afraid there would be very little grain coming from the west to the east to feed the hogs unless we had that freight rate consideration. So we must keep that if we are to maintain our hog production in the east.

It is very important that we continue to hold the British market to the extent that we now have it, and I suggest to the western farmers, no matter what they may do, not to try to take away that freight rate subsidy from us in the east.

Mr. FAIR: May I say that there was no thought or desire on the part of western farmers to disturb the freight rate position as regards the eastern farmer; we are just asking that there be an equalization of price. Also I wish the Minister of Agriculture would whisper in the ears of the Minister of Finance and the Minister of National Revenue that as soon as they get the income tax levy down to where it properly belongs, they will have more hog production and possibly more grain production.

Mr. QUELCH: It has been suggested that the government might bring in measures to persuade farmers to handle their operations in a different way, perhaps to raise more hogs and less grain, or in particular less wheat. Personally I should not like to see that policy adopted, because generally speaking the farmer knows the kind of crops he can raise best. The part of the country from which I come is strictly a grain country. We buy our coarse grains and then raise hogs; generally speaking it does not pay us to grow coarse grains; it pays us better to raise wheat and sell it. The eastern part of my constituency will probably have another crop failure, and they will have to go out of hogs because they have not got the feed.

I believe that the best way to encourage the raising of hogs is a long term policy which will guarantee the farmers a fair price for hogs over a period of time which will enable them to adopt labour-saving methods. They have the most modern labour-saving machinery with which to grow grain, but few farmers have proper facilities for handling hogs, and therefore it means a lot of labour.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. TOWNLEY-SMITH: As in other western areas, hog production in my constituency is down. I agree with those who said that they thought the price factor was the main consideration. The low production of pigs in my part of the province has not been brought about by the shortage of feed. It seems to me that if people who are producing hogs are short of feed, apart from the question of crop failure or something of that kind, it indicates poor farm management. But as I have mentioned, the important thing is the price factor. We have a fixed price for bacon, but there is no fixed price for hogs. That also has a bearing on the situation. If in some way we could assure the producer a fixed price for his pigs we might have better results, depending, of course, on whether the fixed price was sufficiently high.

At the present time the price is fixed for Wiltshire sides, f.o.b. Canadian ports, and it does not vary from day to day; but we find that on the market the price for the live product does vary. I should like to quote from the last report of the Live Stock Market *Review* of August 1, which was placed on my desk some time ago. In that review we find these headings: "Toronto Hogs Gained Twenty-five Cents. Winnipeg Had B1 Hogs Higher at $18.85. Calgary Reached a New High. Edmonton Advanced. Prince Albert Closed Higher. Moose Jaw was Firmer. Vancouver Had B1 Hogs at $19.75 to $20.70." Why these changes? There has not been any change in the basic contract price. Did the freight rates go up? Did insurance go up? Did labour costs go up? I do not think so. Why should there be this variation on the market from hour to hour and day to day?

There is another point I should like to touch on, namely, the drop in price which is contemplated from the present to 1948. This morning the minister told us that $22.50 was to be the floor for 1948 and the price was to be negotiated. Unfortunately my experience has been that the floor has been the price. We do not seem to be able to get a price much higher than the floor when a floor price is fixed. I wish to point out that the drop from the high point of $25 to $22.50 means a drop of $2.50 per hundredweight, which is roughly $3.50 per hog or an average of ten per cent, if the $22.50 happens to be the prevailing price. The packers will prepare for a drop of this kind by paying a lower price for hogs in the fall of 1947. That is the natural thing to do.

Mr. GARDINER: The new price will be negotiated before that.

Mr. TOWNLEY-SMITH: I was about to ask the minister when the negotiation would take place. If the farmers in their turn had no information of the price they would have to prepare for a lower price in the breeding

season of 1946, which means the winter of this year. Will the price be negotiated by that time?

The raising of pigs is a long term proposition. They are not turned out as material is from a factory bench, a lathe or anything of the kind. It takes time to raise hogs. The minister has already answered what I wanted to know, and what I wanted to have on the record, namely, when these 1948 prices would be negotiated.

I come now to the matter of feed costs. We have an extraordinary situation in the west. We have bonuses given for our oats and barley. Let me give an actual example. In my district a farmer had a bin full of barley. When he hauled it to the elevator he received fifty cents a bushel plus a fifteen-cent bonus, a total of sixty-five cents. Therefore when he fed it to his pigs he was feeding sixty-five cent barley. His neighbour did not grow any barley but had some pigs. He came to the farmer who grew the barley and bought some from him at fifty cents a bushel. The original owner of the barley went to the elevator officials and collected his bonus of fifteen cents, which is the normal procedure; but the second farmer fed his pigs fifty-cent barley in competition with the original grower who fed sixty-five cent barley. We have some of these extraordinary situations and they should be cleared up.

I should also like to join with those who have spoken in an endeavour to get a form of equalization to compare with the free freight which is being paid on feed going to the east. We are in competition with the freight being paid to the eastern feeder, and we feel that similar compensation should be given to the western grower so that when his hogs are shipped they should receive some help in the way of freight assistance. If that were done, the producer would get a little more for the hog carcasses when he produces them. When the eastern grower gets free freight on the feed he also gets a higher price for his pigs, because they are closer to tidewater. There is no long freight charge to be paid on the carcasses, which is the difficulty that the western grower runs into. Some consideration commensurate with the free freight which the eastern feeder now gets should be given to the western grower to help him meet the situation.

Mr. ARGUE: I wish to bring one point to the attention of the minister, but before doing so I should like to say that I agree with my colleague that the man who grows his feed and attempts to raise hogs is being discriminated against in that his feed is worth more and costs more when it is put into the production of hogs than it does to the feeder across the road. One way to get around that is to give the man who raises hogs and feeds his own feed an additional price on that account when he sells his hogs.

The point I wish to raise is in connection with the subsidy payments. If a farmer wants to buy feed from his neighbour, in order to obtain the benefit of the subsidy he has to haul the grain to the elevator. I have had one instance brought to my attention. Last winter cattle in a certain district were almost starving, owing to the severe winter and a short crop the previous year. One farmer had to buy five hundred bushels of oats from his neighbour. In order to get the benefit of the ten-cent subsidy he would have had to haul the oats sixteen miles to town and fourteen miles back to his neighbour's farm. That was impracticable, because the roads were blocked for truck travel and there were no horses available at the time. Could some method not be devised in which perhaps a councillor in the municipality, or some other reliable man, could weigh the feed in such an instance, so that the grower of the feed or the two men concerned might take advantage of the subsidy?

Mr. GARDINER: That has been the case for the last two years. In any area where there is a scale at all if they can get the recommendation of the municipal secretary or the elevator operator in town, or anyone who is satisfactory to the wheat board, they will accept the weights on those scales. That has been the situation.

Mr. ARGUE: There would have to be a large scale, on which a truck could be driven, would there not?

Mr. GARDINER: No, just an ordinary scale, where you can weigh two or three bags of grain, any scale that is reasonably safe.

Mr. ARGUE: In this particular case the farmer applied for the subsidy, which he was paid. After the case was reported he had to refund the subsidy because he had not gone through the proper channel. I just want to bring this to the attention of the minister.

Mr. GARDINER: They could have made an application to have some person appointed as official weighman, someone who has a scale. Any scale would do of the type you find on the farm, with the beam and platform on which you can weigh two or three bags standing up or ten bags piled one on top of another. That kind of weight is accepted.

Mr. ARGUE: I am glad to have that information from the minister, and I hope

the farmers are given an opportunity to learn the situation so they will be able to take advantage of this provision.

Mr. SENN: I should like to address one or two questions to the minister before we pass this item, but first I want to know whether this question is relevant; it may not be. When the minister was speaking this morning he mentioned the fact that more of the cheaper grades of beef were going to Great Britain, and that they were paying lower prices accordingly. Recently an order went through permitting higher prices on certain grades of red and blue brand beef. I believe that order was issued by the wartime prices and trade board, though I am not certain of that. I should like to know just what is the relationship between the boards enumerated here and the wartime prices and trade board. Surely the wartime prices and trade board does not set prices on farm products of all kinds without in some way consulting with these other boards which are vitally interested. I understand that the meat board particularly has to do with export prices, but I also notice that in the order in council setting up the meat board it says they are to determine prices to be paid packers or other persons, and as well to establish differentials in prices which will be paid for different grades, selections and weights of various kinds of meats. That may be for export; perhaps that is what was intended, but it does not definitely say so. There is a real grievance at the present time on the part of the smaller slaughterers through the country, who say that because they cannot get official inspection they are not able to obtain the higher prices which are paid for the red and blue brand beef. I should like to ask the minister if this board or any of these boards have anything to do with that, or whether it is entirely a matter for the wartime prices and trade board.

Mr. GARDINER: Prior to 1943, I think it was, the wartime prices and trade board provided all the subsidies, that is, producer subsidies as well as consumer subsidies. In 1943 we set up the food board, which is dealt with in these estimates. Under the arrangements then made the food board provides for the subsidies to producers, what are called the producer subsidies designed to increase production, and the prices board deals with any subsidies that are paid having to do with consumers, to keep down costs to consumers. That division was made at that time. As far as the provision of food for the Canadian people is concerned the prices board have the final authority and final responsibility. That is, they are supposed to see to it that sufficient food is left in Canada to properly feed the Canadian people. If it is found necessary, as has been the case in connection with some products, to impose rationing, then the wartime prices and trade board looks after the rationing, and they must have the responsibility for saying whether or not sufficient food is being provided to the food distributors in Canada to make that rationing possible; and to that extent they have control. When it comes to the practical handling of it, any time we find that costs of production are not being met, or any time we feel they are not being met, the board having to do with the product in question negotiates with the prices board in order to have that situation adjusted. There are two ways in which that adjustment can be made, from our point of view. One is to give a subsidy to the producer; the other is to increase the price to the consumer so that higher returns may be obtained. Whenever it is considered necessary to get higher returns by increasing prices, that is discussed with the prices board, which makes the final order in that connection and enforces it.

That is what really happened in connection with beef. About two or three months ago there was widespread discussion as to the reasons for beef not appearing on the market. As a result of those discussions the prices board eventually raised the prices of the higher grades of beef, that is blue and red brand beef. As a result beef again began to move on to the market, in much greater quantities; and the beef has been sold practically at ceiling prices. I am informed that within the last week or two the experience has been that the Canadian people are inclined to eat beef that costs less, rather than to eat the red and blue brand beef. In other words, there is always the possibility of getting your prices so high that the consumer will say, "If I must pay that price I shall eat something else." The consumers have reached that point now, apparently, in regard to red and blue brand beef, and we are being offered beef of these higher grades to send to Britain at prices considerably below ceiling. I just throw that out as a suggestion to those who talk nothing but price. There are limits to what you can do even in connection with price. When we start asking people to pay certain prices for commodities, they may refuse.

Mr. SENN: I was not finding any fault whatever with the price. I was trying to get some information as to the basis on which that price is set.

Mr. GARDINER: Just to make that clear I would add that our boards naturally have the responsibility of seeing to it that the producer gets what is coming to him. The

prices board has the responsibility of trying to see that the consumer gets the food at a price within what they consider the cost of living; or, to put it in another way, without too greatly increasing the cost of living and thus bringing about inflation. On the other hand we are urging that the farmer requires a certain thing, just as hon. members in this house are urging me that the farmer requires a certain thing. Our officials and theirs sit down together and thresh that thing out. When they come to a conclusion, it is the prices board that enforces their decision.

Mr. SENN: I think I understand that very well, Mr. Chairman. A short time ago the minister made the statement that there was a tendency on the part of the people to eat cheaper beef. As a matter of fact the people out in the country, who are some distance removed from the abattoirs, have to eat cheaper beef, because the local slaughterers—and there are quite a number of them—cannot buy the red and blue brand beef, for the reason that they cannot charge the extra two cents which the abattoirs are allowed to pay and obtain. As a result all the good beef is being driven into the hands of the abattoirs. I can readily understand that perhaps the abattoirs cannot find a market for it all, because the people in many towns and villages where there are no abattoirs are eating commercial beef and beef of lower grades. I do not think it is altogether fair to the local slaughterers that all this trade should be driven into the hands of the larger packing houses.

The minister said it was the duty of the wartime prices and trade board to see that the people had enough to eat. They have a low quota on hogs which can be slaughtered out in the country. The minister has a contract with Great Britain to provide a certain amount of bacon to go over there. I suppose on the other hand the wartime prices and trade board are trying to see that the people of Canada have enough pork to eat. Who studies that question? Why should the local man out in the country be discriminated against by a very low quota, which is reduced from time to time, of hogs which he can market? It does not seem fair to the man out in the back concessions or the men who slaughter for local consumption in the towns and villages throughout the country.

Mr. GARDINER: I would assume there is a line somewhere between cities and towns, and what might be called back concessions, where what has just been stated is probably true. In other words if you ship cattle to Toronto you have to ship beef back out, if you do it one way. The other way is to buy the cattle where they are produced, slaughter them there, and sell them to the local people. They have far more leeway than the difference in price; they have the cost of freight both ways to work on. There would be some point out of Toronto, for instance—probably ten or fifteen miles, I do not know how far it is—where it would pay better to come in and get beef than to kill it out there. But I do not think it will be found that out in the country, or in those sections which might properly be called the back concessions, they are being denied the right to eat good beef. I think it will be found that to the extent they are allowed to eat beef at all, they are eating just as good beef as is being eaten anywhere else. But there is this about it, that if we are going to ration meat, something which apparently everyone wanted a few months ago, we have to say to those districts which are more or less outlying, as well as to the cities, "You can eat only so much"; and the only way that can be done effectively in outside areas is to say that the butcher cannot kill any more now than he killed at some other time. He is the distributor of beef. Even then it cannot be enforced effectively, because someone will kill his own beef and eat it.

Mr. SENN: There is no quota on the slaughtering of beef, as I understand it.

Mr. GARDINER: There is a quota on meat; meat is rationed. In order to have it distributed, encouragement is offered so that the meat we wish to ship out of the country will come to the central abattoirs, where the plant can be properly inspected, where the meat can be assembled and arranged in carload lots to be taken down to the ships. You cannot pick that meat up outside, but you have to give encouragement to get it in.

Mr. SENN: I was finding fault with the local trade.

Mr. LENNARD: As one who is interested in veterans affairs there is one matter I would bring to the attention of the minister which I believe is not working out fairly. I know of many cases, and I have one in mind particularly, that of a young lad who before the war was a slaughterer for his father. He joined the army at the beginning of the war and was a butcher overseas with the army. Upon returning home he applied for a slaughtering licence, but because he was not slaughtering before 1941 he has been denied the licence. Yet I know of several young lads who did not enter into any of the services who began slaughtering after the war broke out and who

are to-day working on quotas. They are allowed to slaughter. This is most unfair. Those lads went overseas and spent three or four years in the armed services, but upon returning home they are denied the privileges which others who remained at home and did not join any of the services are enjoying. This is something the government should consider.

Mr. MENARY: I should like to support what has been said by the hon. member for Wentworth. In my own constituency I have been trying to get a similar permit for about six week—it would be operative in the town of Palmerston—but I have not succeeded. These boys should receive every consideration; anything that can be done to help them should be done.

Mr. GARDINER: This is a matter under the control of the wartime prices and trade board, and it can be discussed when their estimates are before the committee. However my understanding is that each case is considered on its merits, and that most of them have been put through.

Some hon. MEMBERS: No, no.

Mr. GARDINER: It is all very well for hon. members to shake their heads. I know some of mine have not gone through either. But because two or three members have not received favourable answers there is no reason to suppose that most of them do not go through. I cannot discuss this effectively, because it does not come under my department; but there is some special reason.

Mr. LENNARD: I have a letter here, the last paragraph of which I shall read. It is from F. S. Grisdale, the administrator of meat and meat products, wartime prices and trade board.

Mr. GARDINER: When the board is before the committee that can be discussed.

Mr. LENNARD: The minister has said there was some special reason, and I should like to read this paragraph from the letter:

> It is regretted it is not possible to be more generous in granting slaughtering permits, particularly to returned soldiers, but the necessity of doing our utmost to fulfil our shipments of beef and pork to the United Kingdom does not permit of this.

In my opinion that is a weak argument, because in any part of the country it is a matter of supply and demand. I do not consider it strengthens their position at all to make a statement of that kind, because there is only so much meat to be consumed. If there are more slaughterers there might be less beef for each one to kill, but it is a shame these returned men have been denied this privilege.

The CHAIRMAN: It has been pointed out that this matter of slaughtering does not come within the scope of the item under consideration. I would ask hon. members to discuss it at the proper time.

Mr. FAIR: Has any action been taken by the government to place a floor under the price of live cattle on the market? I am fully aware of the fact that there is a price of which the packer can take advantage. But there is no protection for the farmer or the producer in respect of the price he may receive for live cattle on the market.

Mr. GARDINER: There is exactly the same floor under beef as there is under hogs. Or, to put it another way, there is exactly the same floor under cattle as there is under hogs. The actual floor is under beef in one case, and under bacon, ham and pork in the other. The department has kept a close check on the relationship between the price of cattle and the floor price of beef all the way through the picture; and generally speaking it has been very satisfactory from the point of view of those who were interested in keeping the price of cattle up to its proper level.

I would not say what I said in connection with bacon—because we have not had the same control over it—that there has not been any time, except when the strikes were on, when they have had to take a loss. I probably would not be correct in saying that with regard to beef. Generally speaking, however, I think that statement is true.

Mr. FAIR: It seems to work very well until there is a rush of cattle on the market in the fall. Then the farmer or the rancher has to take a heavy loss for which there is no justification.

Mr. ZAPLITNY: I believe the hon. member for Battle River has made a point. Can the minister tell us what percentage of the value of meat marketed goes to the farmer, and what percentage goes to the meat packer?

Mr. GARDINER: The term used was "meat" and I do not know whether what I am going to say will cover all meats.

Mr. ZAPLITNY: Hogs in particular.

Mr. GARDINER: The general position is that 83 to 85 per cent of the value of the animal goes to the farmer, that is of the price that is paid eventually. The rest is divided among the transportation company, the commission men, the packers and so on.

I am not in position to say what is the exact amount the packer gets. I assume that could be had, but I have read statements that have been got out continuously and which were checked as closely as they could be and my understanding is that so far as the larger packing plants are concerned a quarter of a cent represents anything that might be called profit, even outside profit, that they obtain on bacon or on hogs. I could not go through the whole range and tell what it is on each item. I just happen to remember that one from the figures given to me on a previous occasion in connection with a discussion in the house. Their argument is that there is not very much room for the farmer to gain in the way of a return out of a quarter of a cent a pound. If the packer handles a sufficient volume he may have a considerable amount of money which appears in the form of profit, but to the individual farmer it would not mean very much. I know that is no argument against the fact that it should be an eighth of a cent instead of a quarter; maybe an eighth of a cent is enough and I could not argue that point at all, but that is the figure that is used as a rule.

Mr. ZAPLITNY: On what is that percentage based? At what point are those figures taken—when it is marketed, or processed, or weighed in?

Mr. GARDINER: The meat board is taking these products and exporting them and 83 to 85 per cent of what they cost laid down at the point from which they are moved to Britain goes back to the farmer.

Mr. CARDIFF: How much has the export trade been speeded up since rationing came into effect?

Mr. GARDINER: It would be impossible to show that there has been an increase in exports since rationing was brought in, because, as has been stated here time after time, production of hogs has been going down. The big export of meat in 1943 and 1944 was bacon. Then we switched over to a large extent from bacon to beef in 1944, and particularly in 1945. The export of beef went up considerably in the latter part of 1944 and all through 1945 and it is still quite high. The export of bacon and ham is down because production is down. The only indication one could take is that the consumption of meat in Canada is lower under rationing than it was before. We can only assume that to the extent it is lower the meat is going out of Canada because it is all being marketed.

Mr. HATFIELD: Were the increased exports to the United Kingdom or to the United States?

Mr. GARDINER: Entirely to the United Kingdom.

Mr. McCULLOUGH (Assiniboia): Coming back to the question raised by the hon. member for Battle River, can the minister make any statement as to what is being done to prevent a recurrence of what happens when farmers ship live stock to the market and find that prices fluctuate one or two cents per pound because of congestion? I know there is a floor under butcher steers and slaughter cattle, but there is no floor to the farmer. This fall there is a great likelihood that when the heavy run occurs there will be congestion at the Winnipeg market and prices will go down. As a consequence farmers one week will receive perhaps one or two cents per pound less for their cattle, which on a 1,400 pound steer may mean a loss of from $14 to $25. When farmers keep their cattle on the range or on pasture they should be guaranteed against loss when they ship better fed stock to market.

Mr. GARDINER: I could give figures which would indicate there is no variation in the average monthly prices through the years, but that would not answer the question the hon. member has in mind. All I can say is what I said this morning, that never at any time has the price of hogs been below what the buyers would be justified in paying for them under the floor prices that are established by these agreements. The price has always been higher than the floor under hogs. I submit that it would not be in the interests of the farmer to say that if somebody requires hogs with sufficient urgency he should not be allowed to pay a cent or two higher some weeks than someone else, and that the farmer should not be allowed to get that cent or two cents, whatever it may be. It stands to reason that if he is permitted to pay that cent or two cents for a week or two, at the end of that week or two it must come down to the average which has always been above the floor.

All we have ever sought to do is to establish a floor sufficiently high to give reasonable returns and to say that the price must not go below that floor. We have never attempted to stop them from going above. The prices board have the responsibility for seeing that the commodity as sold to the consumer is not sold above a certain price, and that usually takes care of any control that there needs to be at the top. As to whether it goes up or not, we have not attempted to

stop that, but our regulations say that there must be a floor. We have let them do that, and of course if we do that we must let it come down again.

With regard to these fluctuations, I would say that that is more in the hands of the farmer and the gentleman who is picking up the live stock around the country. This always occurs in the latter part of September and in October because we are approaching the winter at that time. All other times it can be pretty well taken care of if the farmer is a little careful about when he ships and the buyer who is handling the stock is a little careful about when he takes it in.

I have had the same man handling my stock for the ten years I have been here and I have never found any reason to complain. He calls at my place and gets it when he thinks it ought to go out. I always take his advice because I think he knows more about it than I do. He is at the market every week or so and he knows what the market is. I have never had any complaint to make with regard to his taking the stock, and I must say that I have always been satisfied with the price when I examined the cattle, examined the hogs and examined the market. I think that is true of most of those who have been careful about the matter. I can say without fear of contradiction that there has been less variation in the price of live stock in the last five years, certainly in the last three years, than we have ever before experienced in this country.

Mr. QUELCH: For how many years has there been a floor price?

Mr. GARDINER: We have been in this position now for two and a half years.

Mr. QUELCH: Is there any definite date at which it will expire?

Mr. GARDINER: So long as these contracts continue it will pretty well have to continue.

Mr. WRIGHT: The minister said that from 83 to 85 cents of the dollar obtained for meat exported was returned to the farmer. How does he obtain those figures? Has the board examined the books of the packing houses to ascertain their costs?

Mr. GARDINER: On the product that I am speaking of which is exported overseas, theoretically at least, the packing house is our agent. They buy the hogs, and we know what is paid for the hogs. We know what we allow the packing plant for the bacon. We know what the costs are. We have all those figures on our own books. We know what the farmer obtains for the hogs. So that there is no danger of our just taking figures that have been prepared by the packing houses, although I may say that just this week figures were given to me voluntarily by one packing house which were almost exactly the same as our own figures.

Mr. WRIGHT: The meat board does not put auditors into the packing plants to ascertain the cost of processing?

Mr. GARDINER: They do not put an auditor in, but they get all these costs daily when they are buying, just as any business man would. I follow the markets all the time myself. They are on my desk every morning. When I have noticed variations between Calgary, Winnipeg and Toronto I have had Mr. Pearsall in and asked him, "Why is that?" I have said, "I want to know why it is before I will accept that position." We do that all the time in the department. Not only do I do it, but the deputy minister does it, and the director of marketing; everyone associated with it checks these things every day. It is on that check that I base my statement that hogs have not been below the floor.

Mr. ZAPLITNY: I think we are getting away from the question. How does the minister arrive at the figures of the percentage that goes to the farmer and the packer?

Mr. GARDINER: Let me put it simply. A hog is bought in Winnipeg. We know what was paid for it on a certain day. That hog goes to the packing plant and is processed. We know what the product is that comes out as a result, because we take it, and we know what we allow for it. It is moved down to the port because delivery is taken at the port. We know the cost of moving it there. We know all these costs; we do not have to go to anybody for them, because we have them.

Mr. ZAPLITNY: The figures we have been given so far refer to the product which is exported. Can the minister give us comparable figures for the product that is put on the domestic market?

Mr. GARDINER: Whether it goes overseas or is consumed in Canada the same price is paid to the farmer for a similar grade. He gets his percentage of that particular output. There may be times when for a short period a packing plant may pay one cent or two cents a pound more than the market permits, but I do not know where they would get any extra return by doing that because there is a ceiling price at which they have to sell, and so any extra price they pay comes off any return which they get. It does not come off the farmer.

Mr. ZAPLITNY: Is the ceiling the same for the domestic market as for the export market?

Mr. GARDINER: There is no ceiling on the export product. It is the floor price that is on the export product.

Mr. ZAPLITNY: How does the domestic ceiling compare with that?

Mr. GARDINER: There is a margin allowed. On blue beef, for example, the margin is one-quarter of one cent. The floor is just one-quarter of one cent below the ceiling, and we undertake to buy all the beef on the market at one-quarter of a cent under the ceiling. Most of the time recently we have not been able to get it. It is selling so close to the ceiling that we cannot buy it at one-quarter of one cent under the ceiling.

Mr. MENARY: Friends of mine coming back from a motor trip in the United States say they were able to buy Canadian bacon over there. If that is so, would the price be higher? Would the farmer receive more for bacon sold here than for bacon going say to the United States?

Mr. GARDINER: There is no bacon exported legally from Canada to the United States. Some bacon may find its way over there through irregular channels. On menus in the United States there sometimes appears what is called Canadian-style bacon. It is produced from hogs similar to the hogs in Canada and cured in a similar way, but it is not Canadian bacon produced in Canada.

Item agreed to.

478. Dairy products board, $2,029,102.

Mr. BRYCE: I would like the minister to make a statement on the milk situation. He announced in the spring that the winter subsidy would be added to the summer price. The consumer has lost the two cents subsidy. I do not know whether the minister's department has anything to do with that or whether it comes under some other department. The milk situation all over the Dominion of Canada to-day has to be straightened out or we are not going to have sufficient milk for our people. The two cents subsidy on milk was one of the finest investments that any government ever made in the health of this nation, because milk is not only a drink but a food, containing about 800 calories per quart. The milk industry must be protected, because it would be disastrous if the dairymen began to sell off their herds which mean so much to the whole country. I would like the minister to make a statement and tell us what he intends to do with the dairy farmer this winter as far as price is concerned.

[Mr. Gardiner.]

Mr. GARDINER: Mr. Chairman, last spring the announcement was made that the two cent consumer subsidy was to be taken off milk. It was a decision reached after discussions which took place between the dairy board, the Department of Agriculture and the prices board, and I believe discussions took place between the prices board and the provincial milk boards who had the authority to adjust prices before the war started, and still have the legal authority under the constitution as soon as our special war regulations are taken off. There had been considerable discussion for, I would say, eighteen months before that, during most of which time the producer organizations were most anxious that the amount they were to obtain for their product should be established in the form of a price rather than that an amount of say ten cents at a certain point should be maintained as the proper price for milk and then a subsidy of two cents paid on top of that to make it possible for them to consume it. It was thought that the increase in earnings had been sufficient to warrant the two cents being taken into the price, and that was done.

In spite of the fact that the total milk production this year is down two or three per cent, total sales of whole milk are up from seven to eight per cent, so that the putting of the consumer subsidy into the price has not resulted in a smaller consumption of milk; milk is being consumed in greater quantities notwithstanding that price increase. The other part of the picture is this, that we are also paying producer subsidies, and as will be remembered, we were paying thirty-five cents per hundred during the summer months and fifty-five cents during the winter months. This spring it was suggested that we should put the summer subsidy up to the same level as the winter subsidy and make it fifty-five cents, with the idea that when we came into the winter again there would be a higher return required. That was examined into very carefully and discussed very fully with producer organizations and others, and eventually we suggested that we were prepared to do a certain thing: we were not prepared to go to fifty-five cents for the summer months but we were willing to make some increase. That was not acceptable, and it was finally said—and I do not think there was much disagreement about it—that at some time these subsidies would have to be taken off and the control would have to go back to the provincial boards. After the discussions had taken place it was finally determined as a matter of government policy that the date at which it

should go back to the control of the provincial boards was the first of October, 1946; and so we said that for the five months we would pay fifty-five cents, in the summer months, in order to give those who were interested an opportunity of adjusting the position as between the producer and the consumer. My understanding of what was said in the house and what was said in the discussions was that there was not going to be any great difficulty about taking care of the consumer subsidy plus a sufficient proportion of the producer subsidy to keep the cost to the consumer still within the range of what was thought by the prices board at that time to be a reasonable increase in the cost of living as compared with increases which were being given in earnings; and so it was thought that the matter could be properly turned over to the milk boards as of the 1st of October and that in the meantime they should work out their plans. The provincial boards are meeting in Ottawa this week—as a matter of fact they met me two days ago—and they are discussing that question. I do not know what decision will be reached. Yesterday morning or the day before I spent three-quarters of an hour with them before coming to the house, and I think they went from me to see the prices board people to discuss the whole position, to find out just where we were at the moment, and what effect anything they might do would have upon the general position. All I can say is that the question is being fully considered and discussed between the two authorities which have something to do with the establishing of returns. I have been in negotiation this week; final decisions have not been reached as to what is to be done. Some have suggested that a longer time should be given, and that in order to make that longer time possible some producer subsidy should still be paid—not as much as we were paying before, but that something should be paid—and that some of the extra cost should be taken over by the consumer. These questions are being discussed this week and will be determined, I assume, in sufficient time to make the announcement long enough before the first of October to acquaint people with what the situation is.

Mr. BRYCE: Perhaps I should not discuss this matter when it is under discussion already in the city of Ottawa, but I feel very strongly on it because it has affected the capacity of the worker in any city to buy milk. He cannot purchase the same amount; his living costs have gone up because of the two cent subsidy which was taken off in the spring. From the other point of view, that of the man who produces milk, his cost of production is higher this fall than it was last fall. So I do not see how this board which is going to sit now can give him any less than he is getting; he will need to get a little more.

Mr. GARDINER: Well, that is the question which is under consideration. The agricultural prices control board which we set up two sessions ago is also working on these statistics with regard to the whole problem; and the dairy association—I think that that is the proper term to apply to it—the organization of producers, have put a man to work on it and have already presented to us their idea of what the increased costs are and of what they require in order to produce milk. All these submissions are being considered now by the proper boards; a conclusion will be finally reached and announced, and I hope it will be satisfactory when it is made.

Mr. BRYCE: I hope that the government the minister represents will take into consideration what milk means to this nation. When we examined the boys for this last war, many of them were found wanting, and our medical authorities tell us that had they been able to drink an abundance of milk, or even milk in regular quantities, they would have been better prepared to pass the tests. The subsidy of $20 million which we paid to enable people to buy milk is the finest investment in health this country ever made.

Mr. SENN: Up to the present time this discussion has been largely on fluid milk, its production and consumption. But usually in past years we have had a surplus of milk on our hands, and the one way, usually, in which that milk can be disposed of was in the form of cheese. As with bacon, we have built up a good market for cheese in Great Britain. I hope that we shall be able to maintain as much of that market as possible. Owing to the higher cost of production in the cheese and concentrated milk industry—and there is some of that going to Britain as well—they seem to think they are not making ends meet. In fact I understand that the production of concentrated milk has gone down some eighteen per cent. The production of cheese has also gone down considerably during the past few months.

I understand that a short time ago the concentrated milk producers' association and the Ontario cheese producers' association presented a brief to the minister showing the increased cost of production of milk and the falling off in the production of these two particular commodities, and asking for some relief. Has anything been done, or is it considered that anything will be done to

assist these two important branches of the dairy industry, because as far as possible we must keep up our production of cheese which goes to Great Britain. Continuity of supply is one of the important factors in maintaining that market. We have the quality in the cheese and something should be done to protect that market.

Mr. GARDINER: With regard to the figures used, I would call the attention of the hon. member for Haldimand to the fact that from the records the total production of condensed, evaporated and whole milk powder is down 1·8 per cent, not 18 per cent, but cheese is down 21·1 per cent. It is a little early in the season to be too sure about the cheese position. The grass was poor in the early part of the season. It has become better recently and there may be some pick-up, but it will not pick up that much. There will be some decrease in the production of cheese.

However, I wish to say that the delegation which brought figures with regard to whole milk also brought figures with regard to cheese, canned milk and butter. We had a full discussion with regard to the matter, and the figures which were brought have been submitted to the agricultural prices control board. They are working on them at the present time. Again it is a question of a decision being reached on this matter by October 1. What the position ought to be at the moment I cannot go any farther than to say that the whole matter is under consideration. We are just as anxious as any hon. member to keep this production just as high as we can get it.

Item agreed to.

TRADE AND COMMERCE

Foreign trade services—
375. Wheat and grain division, $28,532.

Mr. FAIR: Has the Minister of Trade and Commerce or the Minister of Agriculture anything further to tell the committee about the wheat agreement which was made and announced by the Minister of Trade and Commerce on July 25, and also in connection with the determining of the policy with regard to the prices that are to be paid to farmers on the four years' crops commencing now? What further information has the minister to give along these lines?

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Some weeks ago I, in behalf of the government, made a statement in connection with the United Kingdom wheat agreement and also in connection with the domestic wheat policy of the government.

[Mr. Senn.]

At that time I promised that there would be an opportunity to discuss these matters when the estimates of the Department of Trade and Commerce were being considered. Heretofore in our estimates we have never had any specific item under which matters relating to wheat contracts or to the wheat board could be discussed, but because of the establishment of a grain division within the department during the past year we are able, on this item, to discuss matters in connection with wheat.

In answer to the question just asked by the hon. member for Battle River, I may say that I do not think I have anything to add to the statement I have already made regarding the British contract and very little to add to the statement regarding the domestic wheat policy. There is one matter in connection with which there has been a certain amount of criticism throughout the country, namely, the domestic policy in relation to participation payments on the 1945 crop. In my statement I said that there would be upwards of sixteen cents a bushel paid in participation certificates on the 1944 wheat crop. Further consideration of the matter leads me to believe that that estimate was based on a wrong premise and that the payment on the 1944 crop will be considerably higher than the amount I suggested, namely sixteen cents a bushel, and the payment on the 1945 crop correspondingly lower.

Mr. COLDWELL: Is that still being carried forward to 1950? The statement made by the minister was that the price would be $1.35 and an additional ten cents to apply to the 1945 crop. I am asking if that is still the intention of the government. The criticism is that the government has what amounts to a contract with the farmers of the country to pay a participation certificate on the basis of the proceeds of the crop when the crop was sold, and that this is in effect a breach of the contract. That is the criticism I have heard.

Mr. MacKINNON: Yes. My colleague, the Minister of Agriculture, will deal more extensively with that point. There is no change in policy to suggest here so far as that is concerned. The initial payment will be made to the wheat producer of $1.35 a bushel f.o.b. Fort William and the other places for the five years, the past year and the next four years.

Mr. FAIR: On behalf of this group I wish to say that we are glad to know that we are to have stabilized prices for the next four crop years and also that an agreement has been made with Britain. I am not going to say

whether we are well satisfied with the prices received. We feel that the British government are satisfied that they got a very good deal at the expense of Canada. One of my reasons for saying that is contained in a Canadian press dispatch of July 26, which states:

> The *News-Chronicle's* streamer headline said: "Strachey explains wheat deal and M.P.'s cheer Canada."

In my opinion they had every right to cheer Canada. The dispatch goes on to say:

> The *Mirror* headlined the story: "Pact Makes Britain's loaf safe for four years."
> The *Daily Graphic* said editorially: "Our debt to the empire increases every day . . . thanks, Canada, and thanks again!"

I am glad the people of Britain appreciate that they are getting a good deal from Canada. I might say we have no objection whatever to Canada's supplying the best food in the world to Britain and to other countries, but we object to the farmers bearing the brunt of the expense. On many occasions we have made it clear that the farmers of Canada have not received the price for their products to which they are justly entitled, I still estimate that the same condition continues under the present agreement. Of course we are very well satisfied to have a stabilized price for some time to come, because we all remember what happened after the first great war and we do not want conditions of that kind to arise again; but in view of the losses the farmers accepted from 1930 up to 1942, I feel we are entitled to a much better deal as far as our wheat is concerned. I am not going to deal in particular with the sale to the British government. The cost of that will, of course, be taken care of by the government here, and we in turn will have to bear our share of the loss through taxation.

In connection with our domestic policy, in the first place I do not feel that the initial price is high enough. It is true that the initial price of $1.35 is to last for five years. We appreciate that, particularly in regard to the later years; but because between 1930 and 1942 the farmers of this country received only 16·6 per cent of the national income while comprising 33 per cent of the population, we feel that on our wheat sales alone we have lost no less than $2,200,000,000, and if that amount had been distributed among the wheat growers of Canada it would have made quite a difference in their financial standing. Again we must remember that up to August 1, 1942, we were getting a price of only seventy cents a bushel for our wheat, basis No. 1 northern in store Fort William, Port Arthur or Vancouver. We felt that in accepting such a price we would be recompensed when the war was over. In the price that has been announced, however, we do not feel that this compensation is forthcoming. During the 1945 and 1946 crop years we are permitted unlimited deliveries, but in the three years following, if conditions warrant it, we may be cut down to fourteen bushels per authorized acre, which would mean that many farmers could grow much more wheat than they could deliver. I hope there will be no market restrictions to prevent the government from taking all the wheat Canadians can grow during this period.

Again, we are to have a ten cent additional payment on our 1945 crop deliveries, that is, on the wheat delivered from August 1, 1945, to July 1, 1946. That would bring us up to an initial payment of $1.35 for the year just ended, and we are to have no payment on participation certificates issued on our crops delivered between August 1, 1945, and July 31, 1950, until late in 1950. This means that the government will borrow the money of the farmers free of interest during all that time. By the time we pay our income tax, which will amount to perhaps thirty cents a bushel on amounts over and above our exemptions, that is going to cut our wheat price down pretty far. I believe that our initial price should be not less than $1.55 a bushel for the entire five-year period, and that participation certificates should be figured and paid each year. Under the method the government is adopting it is possible that during the later years, if the price of our wheat goes down to $1 a bushel for the last year, our initial payment of $1.35 may be our final payment; because, as has already been pointed out, on many occasions we find that the floor price is the price we receive. So that in my opinion $1.55 should be the initial price rather than $1.35; and by having participation certificates paid each year the farmer would get the benefit of any additional gains made, particularly in the early years of the contract. Otherwise the high price we may get—and I repeat "may"—in the early years may be eaten up by low prices in the later years of the contract.

This policy is being announced in face of the fact that the prices of everything we have to buy are climbing daily. From time to time we receive letters stating that prices of things in the stores are going up, and we see that a number of labour organizations are on strike to-day asking for an increase of approximately fifteen cents an hour. Similar increases have been granted in the past; and we know that the consumer class, which takes in the farmers, will have to bear the brunt of these additional wages for labour which are included in prices. I am not saying labour is not

entitled to its due, but since the benefits to labour are being increased there is no reason in the world why the farmer should not also have his prices increased. A little later on we may be told, as we were told a couple of months ago by the Minister of Finance, that prices of farm products have increased by a very large percentage since the beginning of the war. This does not mean, however, that the financial position of the farmer has been improved very much, because at the beginning of the war we were accepting depression prices for our products; and even when you add the percentages that have been announced by the minister to prices which were far below the cost of production it does not place the farmer in an enviable position.

With reference to the programme of supplying wheat to the millers at 77⅞ cents a bushel, of course that is subsidized by the government to the extent of the difference between that price and the domestic price of $1.25. But again, I cannot understand why our domestic price should be $1.25. The farmers should not have to bear this burden. The domestic price should be up to at least $1.55, if not to the average selling price for each year's crop. There is no reason why the farmers should continue to subsidize the consumers of this country.

We are glad to see that the wheat board is to continue in operation. It has given satisfaction to all. Many of us were very glad to see that the services of the grain exchange are not being made use of. On another occasion I asked the minister whether the wheat board is continuing to pay a commission on sales of wheat to the commission merchants and brokers on the exchange, and I hope that to-day the minister will tell us that policy has been discontinued. There is no reason why it should be carried on, and it should have been stopped many months ago.

I do not think I should say very much more, though we may have further comments to make a little later on. The policy of the social crediters and our supporters is that the initial price should be $1.55 a bushel with participation certificates computed and paid annually, and we shall have more to say as the discussion goes on.

Mr. GARDINER: The Minister of Trade and Commerce stated a few minutes ago that I would have something to say with regard to this matter, and perhaps I should make that statement at this stage. My reason for saying anything at all at the moment is largely the fact that last January, when the Minister of Trade and Commerce and I were in Britain, we opened discussions with the British government looking to the negotiation and signing of a contract on wheat covering a period of time. Later on in the season it became necessary to continue those discussions while the Minister of Trade and Commerce was in Central America, and I represented the government in carrying on those discussions. Therefore I am familiar with some of the discussions which took place during the time the Minister of Trade and Commerce was absent.

He has suggested to me that I might give the committee the benefit of some of the conclusions reached, and the reasons for arriving at them. It will be recalled that on September 19, 1945, the Minister of Trade and Commerce made a statement to the house with regard to future policy in connection with wheat. I think I should place on record at this time three paragraphs from that statement which bear upon some of the questions now being discussed, and which have been referred to by the hon. member for Battle River. In the portion I wish to quote the following is stated:

> In asking Canadian producers to forgo such benefits as might be realized in the short run through higher export prices, the government recognizes the paramount need for relative stability of income to wheat producers. Toward this end, the government undertakes that in the five-year period—

And I wish to emphasize that right in the first announcement what was spoken of was a five-year period.

> —ending July 31, 1950, producers will receive not less than $1 per bushel, basis No. 1 northern, in store Fort William/Port Arthur or Vancouver on the authorized deliveries for each crop year. For the balance of the 1945-46 crop year, at least, the Canadian wheat board initial advance will continue at $1.25, where it was set two years ago. By providing a long-term floor price of not less than $1 the government will protect producers against the consequences of any sharp reversal in the world wheat position during the next five-year period.
>
> The government, in adopting this policy of a maximum price for overseas shipments for the present and a floor price for five years, is asking the producers, in their own interests, to forgo exceptional short-run advantages in favour of a long-run stability of income. In arriving at its decision on this policy, the government had the following fundamental considerations in mind:
>
> Any further increase in wheat prices now would aggravate the problems of economic and political readjustment of the liberated areas to Canada's detriment in future trade with those areas. There is a moral obligation not to take advantage of our recent allies in their time of compelling need.
>
> Higher wheat prices would encourage the importing countries in a hurried return to wheat production and pre-war wheat policies very directly to the detriment of the wheat exporting countries, particularly Canada. Moreover, production in a number of exporting countries would be unduly encouraged.

That was the statement of policy contained in the last three or four paragraphs of the statement read to the house on that occasion by the Minister of Trade and Commerce. But what I wish to emphasize particularly is the fact that from the very first statement made in the house it was a five-year period which was discussed.

At a later stage of the discussion in relation to this matter I stated to the house that the period was a five-year period, that the period previously discussed by the government of Canada with the international wheat committee had been a five-year period, but that we had not been able to prevail upon the committee to discuss a period so long, and they had insisted upon the period's being cut down to three years, so far as their discussions were concerned.

But when it came to a matter of discussing prices, we were not able to reach agreement in the international committee as to what the price would be. Canada's submission in that regard was that the minimum price should be $1, and the maximum price should be $1.50, preferably, so far as we are concerned, over the longer period of five years. But the committee was not able to arrive at a decision even with regard to the $1 to $1.50 on a shorter period of three years. When that time was reached, this announcement was made to the house; and it was definitely stated at that time that it was a five-year period which it was desired to arrange for; but that it would be impossible to enter into negotiations immediately, and that when they were entered into it would take some time to carry them through.

So that we were going to put ourselves in a position of safeguarding the farmers for a five-year period by putting the floor of $1 under wheat for that entire period; and we were going to see that for the time being we were prepared to deliver wheat to Great Britain and the other allied countries overseas—it was intended to eliminate the United States and other countries which are exporters of wheat themselves—at $1.55 a bushel.

It was definitely indicated that was only an undertaking given in order to make negotiations possible. As I said a minute ago, negotiations were opened in January, 1946, when the Minister of Trade and Commerce and I were in Great Britain. Those negotiations continued until the announcement was made in this house that we had succeeded in agreeing to the contract made a few weeks ago by the Minister of Trade and Commerce.

I do not think I need go into details regarding the contract, further than to say that under that contract we have already been delivering wheat to Great Britain in considerably higher quantities than we had been accustomed to deliver it to them, and this was done throughout the 1945 crop year which ended on July 31, 1946. Deliveries had been made in very much greater quantities than we had been accustomed to deliver wheat to Great Britain; and we were delivering it at $1.55 a bushel. We were also delivering wheat to other allied countries on a similar rate, and in the meantime carrying on our negotiations.

The contract provides that for the years 1946-47 and 1947-48 the price at which wheat is to be delivered to Great Britain is still to be $1.55. It provides that the quantity for those two years is to be 160 million bushels a year. I think it is important to remember that our average deliveries to Great Britain, for consumption in Great Britain, for a long period prior to the war was 90 million bushels a year.

Mr. COLDWELL: Was not 102 million bushels the highest?

Mr. GARDINER: About that; it averaged 90 million bushels. I have not all the figures here at the present time. But the average was 90 million bushels for a period of years, and in certain years it could have been much shorter or much longer and the figure would not have varied much. Around 90 million bushels was what we sold Great Britain.

I consider it is something of an accomplishment to have 70 million bushels added to that 90 million bushels for a period of four full years. We have delivered more than that to Great Britain during the year we have just come through at the figure of $1.55. So that I say we have this considerable accomplishment for two years of supplying them with 70 million bushels more wheat than we had supplied them in the years preceding the war. We think it is somewhat of an accomplishment to point out that for two years more we are going to be able to supply them with 50 million bushels more than the average amount which Great Britain took from us during the years preceding the war.

In other words, the average for the four years is 60 million bushels more, or 66⅔ per cent more wheat delivered to Great Britain under this contract than we have been accustomed to being able to deliver there for consumption in Great Britain.

There is, of course, the provision in the contract under which Great Britain may sell or dispose of some of this wheat in the form of either wheat or flour to others. We have placed no restriction upon her in that regard. One can only answer the criticism by saying

that if Britain is anything like as good a trader as she is accused of being and if she has to pay a higher price for wheat in any other country from which she might purchase at the present time than she is having to pay to Canada, at least during the period when wheat is higher that $1.55 if purchased from other countries Britain is not at all likely to dispose of any considerable part of the 160 or 140 million bushels of wheat to anyone else. In other words, she is buying this wheat in the first instance in order to serve her own people and be assured that food is available for them. If Great Britain finds is necessary to send 10 million bushels to India or even to some country in Europe in order to feed people who would not otherwise be fed, I have no doubt she will probably do that; but as for taking our wheat and selling it in some other country in order to make more out of it than they had paid to Canada, I doubt very much if Britain would even consider doing any such thing at any particular time, no matter what the situation is.

What I want to emphasize is that we have assured Canada a sure market for a period of four more years of at least 150 million bushels of wheat on an average for each year during that period. A question which has arisen as a result of the fact that most of our discussions have been of a four year contract in order to complete a five-year period is as to whether there has been any change in the policy which was discussed with the farm organizations and others as to the participation payment on the 1945 crop. I wish to say that all the discussions that have taken place with Great Britain, with the farm organizations, in the wheat committee of council with the wheat board and others, and in the council have been in connection with a five-year period just as was announced on September 19, 1945.

It was not until about a month ago that there was any discussion whatsoever of separating the payments in relation to the 1945 crop from the payments of the last four years of the period. I am going to indicate how that discussion came about and where it had its origin. It did not have its origin with the farm organizations, and in a moment I shall state the reason for saying that. In all our discussions with the farm organizations we discussed the possibilities of what might be called a five-year pool. We were to put all of the returns from our wheat into a fund and pay out a certain initial payment. Then at the end of the five-year period we would divide up any profits that were made among the farmers in proportion to the amounts that they had delivered to the pool during that period of time. If there were a loss instead of a profit the government undertook to take that loss after having once set the initial payment.

At the time the discussions started, the initial payment was $1.25, and the main criticism of the proposal made by the government in September, 1945, was that we had substituted $1 for $1.25. We made it very plain that that was not intended to be the price to the farmer, that it was only a safeguard to the farmer for the five-year period until such time as we could negotiate a final agreement with the British to take a very considerable proportion of our wheat. The contract we negotiated was for four years with a definite return of $1.55 a bushel in the first two years of that four-year period. A considerable part of the crop for 1945 was sold at $1.55, which meant three years of sales at $1.55. There was a guarantee put under the price of $1.25 for the third year of the contract or the fourth year of the pool and $1 for the fifth year of the pool or the fourth year of the contract. It was then obvious to everyone that more than $1.25 a bushel could be paid as an initial payment.

Then the question under discussion was as to how much could be paid out as an initial payment on that wheat. At the time these discussions began, I put a question directly to the representatives of all the farm organizations which met in the office of the Minister of Trade and Commerce. I asked whether I was right in assuming that in all these discussions we were prepared to undertake a five-year pooling of the returns from the crop. I also asked whether I was right in assuming that the highest floor price that had ever been asked for officially by any farm organization up to that time was $1.25 a bushel. I then recited to them the terms of the contract which had not yet been signed and indicated that we were hopeful we would still have the support of the farm organizations in entering into a contract for four years on the understanding that the floor price would not be less than $1.25 a bushel. The answer I got to all those questions was that what I was assuming was the position that had been assumed all through the discussions. What they wanted was security in the form of stability of prices over a period.

Then they said to the Minister of Trade and Commerce and to myself, "We want to discuss with you what we think the advance payment ought to be." We agreed to that and the discussion began as to whether it

should be $1.35 or $1.40. I think I am correct in saying that every farmer in western Canada, including all the representatives of the farmers, would have been better pleased to get $1.40 as an initial payment than he would to get $1.35. I am not going to argue that anyone representing the farmers or any individual farmer would not have argued in favour of the $1.40, but I think I am right in saying that, after a complete discussion had taken place, those who represented the farm interests—there were members from Ontario as well as the president and secretary of the farm federation representing people right across Canada—felt justified in believing that the best possible thought would be given to the whole question and, whether or not they could agree on everything that was decided upon, an effort was being made to give that stabilized return to the farmer at as high as possible a level and over as long a period of time as possible. The discussions were then carried on without any further direct negotiations with the farm organizations.

The government gave the fullest possible consideration to the matter. During those considerations the suggestion was made, not by the farm organizations but by an official of the government—this was not a member of the government—that we might consider the possibility of paying out immediately the entire participation payment on the 1945 crop and then, after having done that, determine upon the lower rate of $1.35 a bushel to the farmer for the four-year period. That matter was discussed indirectly with farm organizations, not in a meeting of them all together but indirectly with those who represent farm organizations. I think I would be correct in saying that that would have been preferable to what has been suggested. It was considered preferable on the ground that a very high participation payment was assumed as going to be made for the 1945 crop. That is where the question comes in that was raised a few moments ago by the minister. That very high initial payment was figured on this basis, that if you take all the wheat which was supplied to the Canadian people for consumption at $1.25 a bushel out of the 1944 crop, the participation payment on the 1944 crop would be relatively low and the participation payment on 1945 would be relatively high. When it was known that figures which had been used in the discussion involved that consideration the question naturally suggested itself whether or not that was the just thing to do; and we came to the conclusion, right or wrong, that it was not the just thing to do. That was between the time the announcement was made by the minister of the sixteen cents advance for 1944 and the announcement he made to-day.

The position to-day is this. When the proportion of the wheat that was utilized in 1944 for supplying the mills in Canada is charged up to the pool of 1944 and the proportion that was utilized in 1945 is charged up to the 1945 crop, the participation payment for 1944 will go up and the participation payment for 1945 will go down by a relative figure. The only cost that would have been against the 1945 crop under the previous suggestion would have been the cost of handling, and the handling cost was very low in 1945 because wheat was coming out of the elevators faster than it was going in, because we got rid of all our surplus that had been carried over from other years as well as all the crop for that year. So that there has been very little charged up against that wheat during 1945 and 1946. When that adjustment is made the question is not as important to the farmers as if the payment had been made the other way.

As a result of what we have done, namely, establishing an initial payment of $1.35, the participation payments are immediately being made on the 1943 crop; they are being made now. I think it would be the duty of the wheat board, as soon as possible after that, to pay the additional ten cents a bushel out of the 1945 crop, which would bring the initial payment for that whole five-year period up to $1.35 instead of $1.25. That ten cents will be paid out on the 1945 crop. I say that in order to emphasize the fact that while the different way of figuring it, which I think is the just and proper way, reduces the amount of participation for 1945 at the top by an amount which I do not yet know, it reduces the amount by ten cents at the bottom, and there is not so much in between to be considered at the moment when we are talking about whether participation payments should be immediately paid out on the 1945 crop as separate from the crops of the other four years.

The position then is this, that we have decided that the policy ought to be to make an initial payment for the whole five years of $1.35, and any earnings that are made on the crop should be charged up to participation. If there are any losses taken as we go along through the programme those will be charged up against the same fund, and this year's participation will be paid out at the end of the season.

Some may ask why we should ask the farmers to wait so long? I would submit that the most important reason is that if we are

to have long-term contracts that stabilize prices we must be prepared to do what everyone has suggested we should be prepared to do. I agree with those who say that we should not be asked to do more, only to the extent that we are asking some other people to do certain things.

It is not right to say that the people of Canada have never been asked to assume any losses in connection with wheat and thus help the farmer, because in one year in handling wheat under the wheat board we lost $61,000,000, and that was taken out of the treasury of Canada or charged up to all the people of Canada and paid.

Mr. LOW: What year was that?

Mr. GARDINER: On the 1938-39 crop. In some other years we lost a lesser amount. Under the arrangements which we have carried on since 1935, we have always undertaken that the treasury of Canada would take all the losses and that the farmers of Canada who grow the wheat would get all the profits. Perhaps we are being just a little too critical as western farmers when we say that we should be insistent that no part of the advantage which is gained by keeping down the costs of living through keeping down the cost of the loaf of bread should be charged up to the farmer alone. The amount that should be charged up should be limited as much as possible, but I think we shall all agree that there is some justification for our taking some of the chances.

Having said that, may I say that farm organizations generally, the farmers in particular, and most of us who represent wheat-growing constituencies in this house have always questioned the advisability of charging the farmer up with the difference between whatever the price was and the price at which wheat was being supplied to the millers. In other words, it should be emphasized over and over against that every banker, every operator, every railroad, every clerk in a bank or store, every labourer, every farmer has been buying flour, or his bread to put it in other terms, on the basis of 78-cents wheat ever since control came into effect in this country. In other words, we have been supplying that important food product to the people of this country, to the labouring people and consumers generally, at a lower rate than it is supplied anywhere else in the world. I agree with those who say that that whole cost should not be charged up to the farmer, and in discussions in the past I have maintained that too much of that cost has been charged up to the farmer. I still maintain that we should get away from that just as soon as we possibly can.

Having said that, may I revert to what I said a few moments ago. The argument is not all on one side. The treasury has paid the losses on our wheat before; it may have to pay losses again, and those losses if paid will be paid to the same farmers against whom this cost was charged up. That is the position at the moment.

In the discussions that have taken place the question was raised whether the floor price should be for this whole five-year period. You can carry right on through the season and apply any argument you like with regard to it, but these are all the facts which are available in this connection.

Finally, instead of adopting either one or the other alternative, we did adhere to the $1.35 as the initial payment, and we said that the final payment would be made at the end of the five years on that basis. But it is not correct to say that there will be no participation payment from now until the end of the five years. We are just in the midst of making the 1943 payment, and then we must pay out the ten cents a bushel on the 1945 crop, which will take some time. I hope it will not take so long as it took to get around to the 1943 payment, but it will take some time. Then we shall have to pay out on 1944; it will be a substantial payment, and it will have to be refigured in the light of some of the things I have said in the last few moments. In other words, I shall be very much surprised if we are able to complete those payments earlier than the end of 1947; and I would be very much surprised too, in the light of some things I have heard here to-day, if the farmers would want it all paid within that period of time. We hear a lot of things said about income tax; and I am not so sure, if anybody is right in arguing, as many have argued in this house and outside, that we are taking a big risk in the last years of this contract, but that some who are worrying about the contract would rather have the payment made toward the end rather than the beginning. The treasury would like to have it paid out in the beginning and maybe are urging the chairman of the wheat board to pay it out early. But some of the farmers will say, "As long as we know we are going to get it we shall be fairly well satisfied." So that, after all, the only time the farmers have to wait without any participation is, at the outside, two years. They may not have to wait that long; they may be getting annual

payments for two years or two and a half years and then have to wait the remainder of the period in order to get their final payments on the five-year pool. I do not think that is an objectionable arrangement in so far as the farmer is concerned. I am going to say this, and to say it after having had one experience of saying a similar thing before and resolving never to say it again. I said I had no complaints about certain things which had been done. Then the next day somebody proceeded to organize complaints and I got a considerable number of them. But I am going to say this: I have just completed a trip in western Canada. I addressed a meeting in Edmonton of eight thousand people, most of them farmers; and about a month earlier I addressed a meeting at Kenosee park, southern Saskatchewan, where I gave them the terms of the agreement. I addressed another meeting at Battleford and did the same thing. I spent the great part of three days in the first week of August at the Regina fair, meeting farmers every day in the barns and around the grounds and elsewhere. Then I attended a Liberal convention—

Mr. ROSS (Souris): They were not satisfied?

Mr. GARDINER: —at which all of the different corners of Saskatchewan were represented.

Mr. COLDWELL: "Corners" is right.

Mr. GARDINER: As a matter of fact the vote was 623 out of a possible 650, or something like that. They were mostly farmers. I would say that some day again most of the farmers in Saskatchewan will be Liberal.

Mr. COLDWELL: What a hope!

An hon. MEMBER: "Hope springs eternal."

Mr. GARDINER: I was at all these gatherings; and I must say this, that not a single person, farmer or otherwise, raised a complaint in regard to this agreement. They did not all mention it; but all who did mention it spoke of it in very glowing terms and said, "It is the thing we have been waiting for in this country ever since we have been here, to know, three or four years in advance, what we are going to get for our crop, and know at the same time that the return is a reasonable one."

This morning I went over the records to satisfy myself on what has been happening in relation to wheat and to compare it with what is proposed under this agreement. I find that the time of highest returns for any five-year period in the history of wheat-growing in western Canada was the five years around the end of the last war, from 1916-17 to 1920-21. The average price over that period for No. 1 northern at Fort William was $2.22 a bushel. That was a period of government control of the marketing of wheat. It was the period when we had our first experiences with the wheat board. It was the period when wheat was being marketed from government to government, and during that time we had an average return of $2.22 a bushel basis No. 1 northern at Fort William for all the wheat marketed. On August 15, 1920, or, in other words, at the beginning of the 1920-21 crop it was decided to throw the market open and discontinue control. Wheat remained above $2 for four months. Hon. members remember that wheat had averaged $2.22 in all the previous five-year period; it was up at around $2.50 or $2.60 when controls were taken off, and it remained above $2 for four months. In the fifth month it went below $2 and continued constantly downward, to ninety-three cents a bushel in December of 1923. Every member of this house from western Canada knows it was as a result of that experience that the pools were organized in western Canada in 1923-24. I remember an experience which I had between that period which I have never forgotten and never will forget. I went down to borrow $600 on a carload of wheat. The banker said to me, "I should not lend you this". I said, "Why not?" He said, "I have got instructions from head office not to lend any money on wheat being held." But he wrote out the note and pushed it across the table; I signed the note, got the $600, and spent it. Well, I was not able to pay back the bank until I sold my next year's crop. I lost just exactly the $600 on the carload of wheat, selling it the next spring after this drop in price which I have just indicated to the committee. Every farmer in western Canada who grew wheat there from 1920 to 1923-24 had that experience. There is no reason why anyone should be surprised in going to western Canada to-day to hear every western farmer say, "I am prepared to see this thing tried out; it is better than anything that has been proposed to us before. We expect more from it; we are going to support it". They all had a similar experience; people sitting on the other side of the house had it; they can remember it just as well as I can.

Mr. BURTON: We made our speeches eighteen years sooner, though.

Mr. GARDINER: No; I made mine and they were heard at that time by more people than heard my hon. friend.

Mr. BRYCE: The same thing will happen again.

Mr. GARDINER: As a matter of fact my hon. friend was chairman of one of our committees at that time and was working hard for the Liberal party.

They formed what were called contract pools. What I want to say with regard to that is that is the only other period of five years during which a higher return was obtained for wheat in western Canada than the present $1.35 initial payment provides the farmer over a five-year period. During the five years of the contract pools, the average return to the farmer was $1.47 a bushel. That was the period from 1924-25 to 1928-29 when over fifty per cent of the farmers of the three provinces signed contracts and delivered their wheat to a farm cooperative organization to be sold by that organization. They received an average return of $1.47 a bushel over these years. I hope that what happened at the end of that period will not be repeated at the end of the period for which we are now arranging. We were always told that it was difficult to get farmers to take their losses as well as their profits. With this experience behind us, perhaps we should have learned a lesson. I am not sure of that, but I should like to be sure. Under this contract we shall probably learn something about it. Some of our political opponents may hope that it goes one way and I may hope that it goes another. The experience was this: having set a high initial payment for wheat, the farm organization met in convention and would not agree to its being lowered, with the result that the pools themselves lost something in the neighbourhood of $30 million.

Mr. BENTLEY: Twenty-two million.

Mr. GARDINER: Twenty-two million in the final result. Before it was settled it was somewhere around $30 million. Some of that amount was picked up afterwards, but the final figure of $22 million and some odd dollars had to be taken care of by other arrangements made by governments. Those of us who were in government were there at the time and had to take part in the negotiations which resulted in the settlement. As a result of that, other kinds of control were tried for a while, and finally the market was thrown open. During the period of thirteen years from the time the contract pools went out to 1943 when government control was again put on, the average price received for wheat was eighty-two cents a bushel. I am not going to say that that was all due to there being open markets. I know it was not. There were world conditions which have been discussed here many times that helped to bring about the result. The fact remains that during those thirteen years the average price was eighty-two cents a bushel; and over the twenty-three years from 1920-21 to 1943, the average price was $1.07 a bushel, even including the average of $1.47 over the five years of the pooling period. All I say to hon. members is that when we are discussing this question we ought to take past experience into consideration. I know of no period except the two periods in which we had some kind of control, the one put on by the government itself and the other by the cooperative farm organizations, when wheat ever remained above the $1.45 a bushel for five years. Therefore, on that basis we concluded that $1.35 was a reasonable position to start from, and that we could start from it only with a contract signed with the British government to take an average of 150 million bushels of wheat over a four-year period at a price which gave us a good sum to begin with. Starting from there, we believe that we can market sufficient wheat in other places at similar returns or higher for the earlier part of the period, and if we necessarily must, at lower returns in the latter part of the period and thus bring it to $1.35 paid to farmers, with little if any loss to Canada.

I must say that the objection taken with regard to flour made in Canada and delivered to our own people is that it may result in some losses to the farmers themselves; but toward the end of this period there may be losses taken on the other side by all the people of Canada who are the consumers of flour, and until we get to the end of the period we cannot be absolutely certain as to whether our criticism is just or not. My understanding is that the $1.25 is intended to be retained only until such time as controls are released in certain directions to such an extent as to make it possible to release this one also. It is not a part of the whole five-year programme. It may be that after three months, six months or a year that may happen. I am not in a position to state how long it will be on, but it is not part of a programme which continues right throughout the whole five-year period.

These are the chief points that I want to bring out in connection with the contract that has been presented. There is only one other point that I should like to make, namely, that we believe that stability of price is more valuable to farmers under present conditions than the opportunity to get a higher return at present, with chances that we are going to have to take a much lower return at a period a little later on. I think I have the agree-

ment of most hon. members on both sides of the committee that it will be a good thing for agriculture, in western Canada particularly, and in all of Canada, if we can establish that stability for farm returns across the country.

Mr. MacNICOL: It would be better for all Canada; we shall all prosper together.

Mr. GARDINER: Yes. We have contracts for pork; we have contracts for cheese; we have contracts for butter; we have contracts for milk; and they are all on the same basis for a long period of time at a stabilized price. Wheat and beef are the only two left. While I am discussing the wheat contract which has just been completed, I wish to say that a beef contract is under negotiation. I think the final touches will be put to it while I am over in England during the next week or two. When we have it prepared we shall be able to bring it back here and announce it. We hope to have all farm prices put on a basis where we can try to stabilize the return for farm products over a period of from three to five years.

What I wanted to say is that we are going to have criticism. We are going to have people telling us that we can sell our wheat for a great deal more in certain places. I have heard the argument raised here that wheat can be sold in the United States for $1.87 a bushel. As a matter of fact the illustration put out in advertising across the country was that on the street in Portal, North Dakota, wheat was selling at $1.87 a bushel, and that wheat at the boundary, which is only an imaginary line running between the two towns, on the street in Portal was $1.07 a bushel, Canadian funds. I wish to state that neither of these statements is correct.

Mr. COLDWELL: Did the minister say $1.07?

Mr. GARDINER: At North Portal, and $1.87 at Portal, or a difference of eighty cents between the two. Anyone reading any of these advertisements would come to the conclusion that a Canadian farmer could take a load of wheat from North Portal, cross the boundary to Portal and get $1.87 a bushel for it in Canadian funds, but if he delivered it to an elevator on the north side of the line he would get only $1.07. In the first place, if you could deliver wheat into the United States at all at any price you would have to pay forty-two cents a bushel duty on it in order to get it across the boundary line at any point. So that, now that our money is at par, you can immediately take forty-two cents off the top end of it. That brings you down to a difference of thirty-eight cents, not eighty cents. Then, starting at the other end, $1.07 is not the street price of wheat anywhere in western Canada. The $1.07 a bushel represents the difference of eighteen cents between $1.25 at Fort William and the advance made on wheat at North Portal; and with the ten cents we are going to pay now as a result of this price of $1.35 and anything paid on top of that at the end of the period under this arrangement, as a result of the final participation, deducted from the bottom end of it—and that may turn to be some six or seven cents—well, you would have only four or five cents left as the difference between the American return and the Canadian return, or the return a Canadian can get for wheat delivered in the United States. It is not eighty cents. When anyone takes 200,000,000 bushels of wheat and multiplies it by eighty cents and says the farmers have lost that much money, well, the farmers of western Canada are not foolish enough to believe that. They know it is not true, and of course that kind of figuring does not get anyone anywhere.

I wanted to say that much with respect to that matter, but you cannot sell a bushel of wheat in the United States at any price.

An hon. MEMBER: Nonsense.

Mr. GARDINER: Well, perhaps it is nonsense to say you cannot sell a bushel at any time. Under the arrangement that now exists and that was established by the United States government, not by us, there is an embargo on every bushel of wheat going into that country beyond 800,000 bushels; and that has been the case during almost the entire war period. That is not aimed at anyone but Canada. No other country exports or could export any considerable quantity of wheat to the United States. For milling purposes you cannot send into the United States more than 800,000 bushels of wheat in a year, and that amount goes into that country in the first forty-eight hours of the period, or if not in the first forty-eight hours, certainly within the first week. So that our farmers are not in a position to sell wheat in the United States at all, and why hold up before us this offer of $1.87 a bushel for wheat in that country when we cannot sell wheat there?

It has been said in the newspapers and elsewhere that the American people have been criticizing our agreement with Great Britain. I do not care who may say that, I think I know the American people well enough to know that no considerable number are doing any such thing. They have retained their home market for themselves, and that is their own business. They are paying their own

people $1.87 a bushel for wheat, and they are not paying the Canadian farmer that price. Since we cannot market our wheat in the United States, we must find a market for it somewhere else. Since they are retaining their own home market, I do not know of any other place in the world where we can sell 160,000,000 bushels of wheat, except in Great Britain. We sold the United States approximately 160,000,000 bushels of wheat one year during the war, as feed for their live stock, even when they had an embargo against anything beyond 800,000 bushels to be milled into flour for consumption in that country. We sold them that wheat so that they could produce live stock and get more meat for the American people. I do not believe any considerable number of people in the United States, in the government or outside it, have raised any criticism of this government going to Great Britain and making an agreement on this basis. But somebody says, "oh, you have made a bilateral agreement and they do not like that." Well, for the life of me I cannot see why the grain exchange or anyone interested in the grain exchange would prefer to have multilateral agreements instead of bilateral agreements. If a bilateral agreement made by the government will tend to close the grain exchange in Canada, surely a multilateral agreement throughout the world will close all the grain exchanges in the world; so why should anyone associated with the grain trade want that? I do not know why, but the advertisements which have appeared would indicate that what they are really against is bilateral trading. Well, I hope I am not looked upon as an impossible imperialist, but I am enough of an imperialist to believe that there is no place in the world where Canada will be better treated than within the British empire. I am quite satisfied to be partly responsible for entering into an agreement with Britain under which they agree to do a thing which will be beneficial to us, and under which we agree to do a thing which will be beneficial to them. Unless we can negotiate arrangements of that kind, bilateral or multilateral, we shall have difficulties in the world that nothing will solve short of another war such as the one we have just come through.

Mr. BURTON: Why don't you come over here?

Mr. GARDINER: What I should say to my hon. friend is, why didn't you stay where you were? The trouble with those hon. gentlemen over there was that they were just Liberals in a hurry. They were, I think, in a hurry to get into this house more than anything else. They are here now and talking good Liberal doctrine. I am glad to hear them talking it, because it does not in any way hurt the position of Liberalism elsewhere.

Mr. COLDWELL: Some of us could have been here a long time ago had we chosen to come another way.

Mr. GARDINER: Well, that reminds me that the other day my hon. friend said he would not become leader of the Liberal party. I would suggest that he might wait until he is asked.

Mr. COLDWELL: That is exactly it; I said I had not been officially asked.

Mr. GARDINER: That is a very good reason for not discussing it at all.

Mr. COLDWELL: Exactly. I would have been the last one to raise it.

Mr. GARDINER: The best reason I know for anyone not wanting to become the leader of any party is that he has not been asked. That is sufficient, without anything further.

The position with regard to this whole matter is that we are able to sell a sufficient amount of our wheat in a sure market, at sure pay, to warrant us in agreeing to stabilize the initial payment for five years at $1.35 a bushel; then undertaking to attempt in that period of time to make still further earnings for the farmer and pay those out at the end. Again I submit that this policy is one that appeals to farmers in western Canada generally. When we are at the end of the four-year period, if in the last six or twelve months we find ourselves in the position that world markets, so-called, are not offering as much for wheat as we are getting for it, I hope people will still stand behind us to the extent they are standing behind us now. Even if wheat stays above $1.55 during the whole period, I hope people will still feel that it was worth while trying. If we are successful in this experiment, then we can talk to the grain trade people with some assurance. If they are able to show us at the end of the five-year period that we were all wrong, that over that length of time the farmer got less than he ever got before under similar circumstances and that the other system would have brought him more, then we shall be in a position to discuss the matter with them on an even footing. I am sure anyone who has taken this position and finds himself wrong will be quite prepared to discuss it from that point of view. In the meantime we are convinced that this is the best thing for the farmer. As long as we are convinced of that, and having another four years in which to try it out, we can put the policy into effect in a way that will at least help us to determine how this

long argument between farmer and grain trade in western Canada ought to be settled in the interests of the great masses of the people.

Mr. BRACKEN: Mr. Chairman, the item before the committee is one in the wheat and grain division of the Department of Trade and Commerce, in which an amount of $28,000 is being asked. At the beginning of the discussion on it the Minister of Trade and Commerce made a brief comment with respect to the United Kingdom wheat agreement, and the government wheat policy which he had formerly outlined to the house. To-day the Minister of Agriculture has given us the background of the discussions leading up to the United Kingdom wheat agreement, and has supported that agreement with such arguments as he was able to bring forward.

I rise at this time to criticize the government's wheat policy. But before doing so, let me say this, with respect to the United Kingdom wheat agreement. Any agreement such as this which tends to level out the inequalities, and the wide fluctuation of prices in the past, is a step in the right direction. Even this agreement is better than no agreement at all; because, as the Minister of Agriculture pointed out, those of us who went through the price depression following the last war know the danger of proceeding without some kind of plan to try to avoid wide fluctuations in price.

Having said this, I wish now to point out some of the weaknesses in the arrangement, as I see them. Briefly, what is the government's wheat policy? It is, first, that the initial payment for wheat for a five-year period, including this year, will be $1.35. In that period of time are four years in the future, and one which has passed.

The second point is that wheat deliveries shall not be restricted for this year, but that in each of the later years they may be restricted. In other words something less than the whole crop may be taken by the government.

Mr. MacKINNON: The minimum is fourteen bushels to the acre.

Mr. BRACKEN: The third point is that the wheat board may sell farmers' wheat in three different ways and at three different prices. It may sell domestic wheat at $1.25; it may sell to the United Kingdom under this agreement for two years at $1.55, and for two years at an undetermined price. The minimum in one of those years is $1.25, and in the last year it is $1. The remainder of any wheat not so sold may be sold at world prices, now in the neighbourhood of $2 a bushel. So far as price is concerned, that is the substance of the arrangement. As the minister has said, in the first two years the United Kingdom will take 160 million bushels instead of 90 million or 100 million, the average amount taken before the war. In the later two years it will take 140 million bushels.

I shall not make the numerous detailed criticisms of this policy one could make. My major criticisms are these: First, that the price of $1.35, the initial payment, is less than a fair price. It is less than a parity price for wheat. A parity price for wheat to-day would be in the neighbourhood of $1.50. It will be noted that $1.35 is ten per cent less than that.

It may be urged that this is an initial payment, but there is no assurance that farmers will receive any more than that. To the extent that there is no such assurance, the wheat growers in this country and other farmers as well will not be assured of a fair relationship of their prices to their costs of production. That is my first criticism of the agreement. At a time when the world price is much higher than parity it does not assure to farmers even parity. I ask the committee this question: If we cannot have parity now, what hope is there for parity when the world market situation is reversed, and the price is low?

In this connection I would point out that in the years 1939, 1940, 1941 and 1942 farmers of Canada sold their wheat at prices thirty to forty cents below parity. It is only in the last two or three years that the price has equalled, or slightly exceeded what has been spoken of as parity, or a figure reached by economists which is supposed to represent a fair relationship between the prices farmers receive and the cost of things they have to buy.

My second criticism is that the guarantee of $1.35 a bushel is in many respects an empty guarantee. After this year, there is no guarantee that the government will allow the full crop to be sold. There is no guarantee that it will allow more than fourteen bushels to the acre to be sold. There is no guarantee that they will take more than fourteen bushels to the acre on more than two-thirds of the acreage sown in 1940.

In those respects, as I said, this guarantee is an empty one. To the extent that it is a guarantee of $1.35 a bushel on fourteen bushels to the acre, on a reduced acreage, it is a guarantee. But it is not a guarantee of $1.35 on all the crop grown on all the acres which may be producing in Canada in the next five years.

The third criticism, one which was advanced earlier by another hon. member, is that the government's policy is to hold back the pay-

ment of participation certificates until the end of the five-year period. The Minister of Agriculture has intimated that in the next year or two there will be some participation certificates for back years which will be made. That is true. But it is a new feature of government policy to state that under this so-called five-year plan any money which may be due to farmers will be held back until the plan is completed, instead of being paid as soon as the product of each year is sold, and the costs and receipts computed.

I have sometimes wondered why the government brought forward a policy with the last-mentioned weakness in it. I can see no other reason than their fear that in the later years of the agreement the price will be low and what may be held back by the government now can be used to supplement the price then.

My fourth criticism is this: The guarantee is spoken of as a price guarantee. In so far as it goes it is all right, but a price guarantee is not an income guarantee, nor is a price guarantee a purchasing power guarantee. As I have already said, the price guarantee on a part of the production from each acre and on a reduced acreage is not a price guarantee on all that is produced.

I think it was desirable that there be an approach made to a sale of this kind to the United Kingdom, but I do not think this was a good bargain on Canada's part. I think it was a bad bargain. I think it will create a handicap in the development of future markets in other places. In some respects I think it is an improvident arrangement. I think it will tend to restrict the expansion of Canada's trade rather than to expand Canada's world trade. I think, in making this arrangement, the government has backed away from its commitments of the past with respect to the widening of Canadian trade.

Before I proceed further, let me deal with one or two matters mentioned by the Minister of Agriculture just before he sat down. He referred to the fact that somebody had said that wheat was sold at a Canadian border point for $1.07 and that wheat had been sold for $1.87 in the United States. I do not know what impression the minister sought to leave by making that statement; but, lest there be some question as to what the so-called world price is, I should like to read from a document of Canada's own wheat board, circular No. 23, dated July 30, 1946. I shall not read it all; but section B, clause 2, which refers to a number of countries to which flour shipments may be made, reads as follows:

[Mr. Bracken.]

> The price governing sales to the above countries will be basis our current class 2 price which, at this date, is $2.05 per bushel basis one northern, in store, Fort William, Port Arthur or Vancouver.

We thus have what is in effect a four-price system in Canada. There is the price of seventy-eight to millers for the production of flour for home use; there is the price of $1.25 on wheat used for certain domestic purposes; there is the price of $1.55 to Britain; and there is the price they can get in other markets, they are trying now to get $2.05. That is the wheat price structure as we have it now in Canada.

Let me refer now to another point made by the Minister of Agriculture. He said that this agreement would bring about something more in the way of stability of prices, and that it was a five-year arrangement. A little later I shall touch upon the five-year feature—show that one year has already passed and that in the last two years of the arrangement the agreement means practically nothing so far as price is concerned, that in its main features this agreement is not much more than a two-year agreement. The minister said that it was made for the purpose of bringing about stability in agriculture. I say that in some respects it is an improvident arrangement. In this connection I should like to read what a newspaper which has always been a great friend of this government has to say about some of the aspects of this arrangement. I shall not read all the editorial which appeared in the Winnipeg *Free Press* of August 5, 1946, but I will try to sort out the pertinent parts. The editorial reads:

> The Canadian government is trying to defend the bad bargain it has made in its wheat contract with the United Kingdom by exploiting a prejudice which has no relation to the facts.
>
> Running right through the statements of those who seek to justify this agreement is the assumption that the only alternative to a contract is the danger that wheat prices, some years from now, will fall to the low levels of the depression.
>
> Mr. MacKinnon, the Minister of Trade and Commerce, has said, for example, that the contract protects western farmers "from crippling losses should there be a world slump in wheat prices."
>
> Now, nobody should know better than Mr. MacKinnon that it is not necessary to have a wheat contract in order to shield farmers from depression prices. He himself has brought in an alternative policy which tries to do this very thing. All he is doing, in sponsoring the new contract, is repudiating his own previous handiwork.
>
> Speaking in the House of Commons on September 19, 1945, the Minister of Trade and Commerce, Mr. MacKinnon, said—

I do not know whether this is the occasion to which the Minister of Agriculture referred.

Mr. GARDINER: The same occasion.

Mr. BRACKEN: These are the minister's words:

"The government recognizes the paramount need for relative stability of income to wheat producers. Toward this end, the government undertakes that in the five-year period ending July 31, 1950, producers will receive not less than $1 per bushel, basis No. 1 northern, in store Fort William, Port Arthur or Vancouver on the authorized deliveries for each crop year. By providing a long-term floor price of not less than $1, the government will protect producers against the consequences of any sharp reversal in the world wheat position during the next five-year period."

In short, our wheat industry is not faced by any panic conditions. The policy now abandoned by Mr. MacKinnon and the government was, in reality, designed to safeguard the farmer against the "crippling losses" which, it is now claimed, can only be prevented by the United Kingdom contract and similar bilateral arrangements.

Without reading all the editorial, let me quote from another part which reads:

It should be emphasized, above all else, that there really is no guarantee that Canadian farmers will receive not less than $1.25 per bushel of wheat in the third year of this bilateral deal and not less than $1 for the fourth year, as the contract now stipulates. The contract is full of so many obscurities and escape clauses that these prices, in practice, may be made subject to further discussion and negotiation in the light of world conditions as they will exist at that time. They are far from being an irrevocable commitment by the United Kingdom.

The British government is much too good a trader to pay Canada more than the world price.

Yet that is what the government is counting on in the later years of this agreement.

Mr. MacKINNON: Under a contract.

Mr. BRACKEN: The editorial continues:

Of course, it—that is the British Government—is quite agreeable to paying us about 50 cents less per bushel than the world price, if we accept such a policy and fix it in a contract.

And that is what the government has done.

Besides, it will always be within Britain's power to take suitable reprisals against us if we try to enforce the letter of the contract against her wishes or her needs. This is a pretty flimsy sort of guarantee for stability of income to the Canadian wheat producer.

We cannot take refuge in the contract and hope to escape the world price.

What the editorial is trying to say is, how can Britain in the later years of this arrangement, if the price of wheat is low, pay to Canada more than the world price? It goes on:

The contract, in short, simply obliges us to sell Britain more wheat than she normally takes from Canada for her own use, and to do so at a figure far below the current world price. We then give her a contractual right to sell the balance at any price she can get and to keep this profit for herself, even though it is made exclusively out of our wheat.

The editorial ends this way:

This is surely an incompetent way for the Canadian government to try to run the farmers' business.

What we are saying to the greatest wheat importer in the world at a time when the price of wheat is high is this: We will sell our wheat to you at about fifty cents a bushel less than the world price in the hope that some time later on when the price is low you will remember and make up for this generosity on our part. I put the question to this committee, would you if you were members of a British parliament, if the price of wheat should go down to a $1 a bushel, would you ask the workingmen of Britain to pay $1.55 a bushel for wheat? And if you did ask that, would they let you pay it? It is not a question of their wanting to break any contract. It is a question of their not being able to come through. And it will be noticed that they have not agreed to come through. Any practical man will say that there is no prospect that they will pay us more later on than the world price, low as it may be.

I have said this arrangement was a bad bargain, and I want again to refer to this paper—a prominent organ of public opinion—which is sometimes right and which I think on this matter is right. Here is what it has to say on August 1:

The wheat agreement is a bargain. Canada agrees to sell; the United Kingdom agrees to buy. How does the bargain work out?

I shall not take time to have you follow the logic of their reasoning, but I will read the pertinent parts of their argument:

Mr. MacKinnon would leave the matter there. But he fails to note another and considerable advantage which accrues to the United Kingdom. Under the agreement . . . Canada undertakes to provide more wheat, particularly in the first two years—the period of the expected scarcity—than the United Kingdom normally receives from this country.

Britain agrees to take 160 million bushels of our wheat where normally she used to take from 90 to 100 million bushels. The editorial goes on:

Moreover, the agreement contemplates the sale at the contract price of quantities of wheat beyond those stipulated.

What is the United Kingdom going to do with the excess of Canadian wheat thus bought from Canada at a fire-sale price? The point has substance, was foreseen by the two governments, and is specifically covered in the agreement by clause 3, "it is agreed that the United Kingdom government may sell or dispose of the wheat and flour purchased under this agreement in whatsoever manner the United Kingdom government may deem expedient both in regard to destination and price."

Britain in the past has taken only 90 to 100 million bushels of our wheat; she has now agreed to take 160 million bushels a year at fifty cents below the world price, and she can sell the surplus where she pleases at whatever price she can get. The editorial goes on:

In a word, Canada not only undertakes to meet Britain's normal requirements of Canadian wheat at a heavy loss in price. Canada goes further and presents the United Kingdom with quantities of wheat which the United Kingdom is free, under the contract, to sell at the world price, keeping the profit. Canada says: Here is the wheat you normally need from us at 45 cents per bushel less than it is worth. And here is more wheat which, if you care to do so, you can sell at a good profit. We do not want this money. You keep it and remember, two years hence, how generous we have been.

It goes on:

From the standpoint of this country retaining its own place in the wheat trade of the world, the folly of this course is clear. Here, however, we are only concerned with how the bargain will work out. Additional to the advantages of being able to buy her normal supplies of Canadian wheat for much less than it is presently worth, the United Kingdom is being set up as a seller of Canadian wheat. The wheat thus sold will be Canada's wheat. The customers who buy it will be customers of the United Kingdom. The profit which results will be Britain's profit.

It will be observed in all the comment in the United Kingdom on the agreement that while great emphasis is placed on the fact that Canadian wheat is now to be bought for less than it is worth, no mention is made of paying more than it is worth later on.

One comment from London reads: "The Canadian price is lower than the United States' or Argentine prices to-day and if Canada is willing to promise deliveries at that price for the next two years it would be a foolish buyer who would refuse." "Foolish" is the right word. Another comment runs: "For Britain this represents an enormous bargain at 5 shillings and 7 pence per bushel while the current price of Canadian wheat is 8 shillings per bushel." Again, the phrase "an enormous bargain" is strictly accurate.

There is a large question mark against the advantage which Canada hopes to receive. It remains to be seen if the United Kingdom will pay a penny over the market price two years hence. There is nothing binding in the agreement and all experience is against any such assumption.

Therefore, the agreement is one-sided. Canada agrees to make a gift to the consumers of the United Kingdom of 45 cents per bushel on the basis of present prices and, further, to set the United Kingdom up in the wheat business at the expense of our wheat growers. If the world price slumps ,the agreement will not stand, and there is no way in which Canada can make it stand. The disadvantages are real. The advantages are illusory. There is no doubt of the desire of the government to do the right thing, but there is more than doubt of its competence in a business matter of this kind.

I have said that a bilateral policy of this kind is a handicap to our future markets. The minister made light of that description of the arrangement, but, as I shall show later on, that criticism of bilateral arrangements has been a basic policy of the Liberal party with respect to trade policies. The Winnipeg *Free Press,* in its issue of August 1, has this to say with respect to that handicap to our future trade:

If the wheat agreement were a snug little deal conferring advantages on the United Kingdom and Canada even though to the disadvantage of other countries, it might be possible to plead immediate justification. In the long run it is true it would work against both signatories but in the short run it might well be attractitve.

The present wheat agreement, however, cannot even make as good a showing as this. It is a bad bargain for Canada. By practical everyday standards of business it will not bear scrutiny. And no wizardry in analysis is needed to demonstrate its weaknesses.

Canada's wheat problem is a selling problem. We require all the markets we can find and the largest attainable number of buyers. Therein, lies security for our wheat farmers. And it follows that the most obvious course to avoid is to restrict our markets, to place our eggs largely in one basket.

The editorial ends this way:

The consequence of this will be that at the end of the four years covered by the agreement we will be less able to market our wheat than before the war. We will have lost valuable customers. We will have placed the future of our wheat farmers predominantly in the hands of a single buyer. There could be no greater insecurity than this. And no agreement which involves such risk to this country and its wheat farmers should have been entered into.

I said also in criticism of the government's arrangement that a contract of this kind will restrict Canada's ability to widen her markets in the future. In other words, it will tend to block the expansion of our exports, the very thing that in so many speeches in this house, from all sides, everybody is trying to bring about—an expansion of exports and an expansion at the same time of imports.

This is what the Winnipeg *Free Press* has to say in this respect:

It has been stated here, in previous discussions of the wheat agreement with the United Kingdom, that if the Canadian government prejudiced world trade prospects, now so hopeful, by such a bilateral deal, it would be little less than treason to our international obligations. That treason has now been committed.

By initiating this deal, Canada has violated the spirit and letter of many obligations which she freely assumed. Canada is pledged, by a series of commitments dating back to the early years of the war, to join in the movement to build a world economy based upon the principles of multilateral trade. That duty is now forgotten. It has been dishonoured by a bilateral deal that will stir up great mischief, and injure the long-term interests of Canada, which cannot prosper except in a world free from arbitrary trade restrictions.

And it goes on:

The effect of this bilateral agreement will be particularly unhappy in the United States. For some time now, the United States has been

taking the lead in the campaign to liberate world trade. She has reversed the position she assumed after the first world war. Instead of building high tariff walls, she now seeks to reduce or eliminate all discriminatory practices that stifle the growth of trade. In a world burdened with many problems, this American initiative has brought the hope that international cooperation may prove a reality rather than a dream, and that the basis of prosperity may be laid in the vigorous expansion of world trade.

It is difficult to see how Canada's action in the wheat agreement can be fitted into these larger plans. It is an open secret that the United States regards the wheat deal as a contravention of the proposals to be discussed at the world trade conference, preparations for which are now being made in Washington, London and Ottawa, as well as in the capitals of other leading trading nations . . .

On the narrowest possible ground, it is impossible to solve our wheat problem by any such bargain with the United Kingdom as is now contemplated. Before the war Britain took less than 100 million bushels of wheat from Canada; usually the figure was closer to 90 millions. But we had to find a market in the rest of the world for about 150,000,000 or 160,000,000 bushels each year.

There is no security for the farmer in having the contract promise him the sale of 160 million bushels of wheat annually in the British market for the next two crop years and 140 million bushels in each of the last two years of the contract. Great Britain will simply sell the surplus to other countries, thereby making it all the harder for us to market our wheat . . .

The movement to liberate trade was only beginning when the war came. And undoubtedly one of the most hopeful glints of silver in the dark clouds of war has been the belief that the world had learned its lesson and would seize the opportunity which victory would bring to liberate trade.

Listen to this:

This was the promise of the Atlantic charter, of lend-lease, of the united nations charter, of the monetary fund, the world bank, the foreign loans granted by the United States and Canada, the food and agriculture organization, and of the proposed international trade organization. The rebuilding of trade, next to keeping the peace, of which it is an indispensable buttress, has been the greatest promise of these days . . . There is no security for the Canadian farmer in anything but a multilateral trading world.

And the editorial ends in this way:

Thus, in signing the wheat agreement, Canada, the country above all others which depends for prosperity on foreign trade and therefore should be exerting every effort to attaining the freest possible exchange of all goods, has, instead, given the lead backwards to bilateralism and pre-war protectionism.

That is from the newspaper from which I have been quoting up to now.

Mr. HACKETT: What paper is that?

Mr. BRACKEN: The Winnipeg *Free Press*.

Mr. HACKETT: I do not want to hurt anybody's feelings.

Item stands.

Progress reported.

FISHING OPERATIONS

QUERO BANK AREA OFF NOVA SCOTIA—REPORTED DESTRUCTION OF CANADIAN GEAR—STATEMENT OF MINISTER OF FISHERIES

Mr. DEPUTY SPEAKER: I understand that the Minister of Fisheries, with the indulgence of the house, wants to make a statement to the house.

Hon. H. F. G. BRIDGES (Minister of Fisheries): With the unanimous consent of the house I should like to make the following statement:

As hon. members know, there have been some complaints in recent weeks that foreign fishing trawlers have destroyed gear set by Canadian schooners in some of the international waters off Nova Scotia, particularly the Quero bank area. Naturally, the matter has been receiving close attention from this department and perhaps it may be well for me to give the house a brief factual outline of the position up to the present time.

The complaints which have been made to the department have come from the Canadian fishermen's union, of which Captain Ben McKenzie is the president, I understand, and Captain Willis Park the secretary-treasurer. The first message I received was from Captain Park, which reached me on May 21. In that telegram Captain Park protested, on behalf of the union headquarters at Lunenburg, against the action of foreign trawlers which, he said, were destroying Canadian gear by operating over grounds where fishermen from Lunenburg vessels had already set their trawl lines. Captain Park charged further that the trawlers disregarded signals and the buoys which marked the trawl lines. A day or so later I received from Mr. H. C. Meade, the union's district representative at Halifax, a message broadly similar to the one which Captain Park had sent.

Immediately on receipt of Captain Park's message we asked the department's chief supervisor at Halifax for a report. Subsequently, on June 1, Chief Supervisor Barry was also instructed to make contact with Captain Park and Mr. Meade and endeavour to obtain detailed statements from the masters of any of our schooners which had reported having gear destroyed or damaged. In this way we hoped to get definite information as to the identity of the trawlers which were alleged to have offended and as to the circumstances attending each incident. I may add, in passing, that at more or less the same time that these steps to gather information were being taken certain flights were made over the banks by planes of the Royal Canadian Air Force in order to observe the situation.

Pursuant to the instructions that he had been given to make contact with the union's representatives, Colonel Barry arranged to meet President McKenzie and Captain Park, and at Lunenburg on June 6 he gave them forms for statutory declarations to be made by the master and the mate of each schooner claiming to have suffered loss. He emphasized the importance of having the information in the declarations as complete and detailed as possible. Captain McKenzie and Captain Park said that a number of sworn declarations would be supplied to the department, but they pointed out that there might be some delay since declarations could be obtained only when the fishermen came in from sea between trips. Some delay was understandable, but I had hoped that it would not be quite so long. At all events, the first declarations given us by the union—ten in all—were not received by our Halifax office until Tuesday of last week, August 6, when they were at once sent on to Ottawa. The chief supervisor's office was given to understand by the union officers that several additional declarations would also be supplied, but so far they have not been received. Those already in the department have been made by the following individuals: Loran Ritcey, master, and Michael Hackett, mate, schooner *Dot & Hellie;* Bernard Tanner, master, and Warren Selig, mate, schooner *Fairmorse;* Carmen Knock, master, and Ainsley Hynick, mate, schooner *Merilyn Clair;* Willett Spindler, master, and John Barns, mate, Schooner *Isabel Spindler;* Magnus Slater, master and David Flett, mate, dragger *Sea Nymph.*

As yet we have not received any declaration from Captain Leo Corkum of the schooner *Irene Mary* who has been quoted in the press as charging deliberate destruction of his gear by a foreign trawler. One reason for the delay in making this statement has been my desire to have his declaration before me in view of the specific assertions attributed to him in the press.

My officials and I have studied the information contained in the declarations so far given the department by the fishermen's union. For the moment I shall not discuss them except to point out that, while the declarations do set out certain destructions as occurring at certain times, they fail completely to give us any definite information as to the identity or nationality of the trawlers alleged to have been involved in the particular incidents to which the statements relate.

In outline, then, these are the facts of the case up to the moment. I should add to them the statement that further detailed investigation of the whole matter is being carried on actively by the department and by the Royal Canadian Mounted Police, both at sea and ashore.

On motion of Mr. Mackenzie the house adjourned at 6.05 p.m.

Thursday, August 15, 1946

The house met at eleven o'clock.

INDIAN AFFAIRS

Third report of special joint committee of Senate and House of Commons appointed to examine and consider the Indian Act.—Mr. Brown.

MOTOR VEHICLES

RESCINDING OF REGULATIONS RESPECTING DISTRIBUTION

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, I desire to table a copy of order in council P.C. 3456, passed on the 14th day of August, rescinding the regulations respecting the distribution of motor vehicles.

As the house will recall, during the period from May 7 to June 30 applications for priority certificates were accepted and processed but, due to the number of certificates outstanding and not honoured, the issue of the certificates was suspended until July 1, when all which had been approved during this period were issued. After the 1st July no applications were accepted, except in very special circumstances. On August 1 the controller's orders were amended to prohibit the sale or delivery by a dealer of a new passenger car or truck to anyone who was not the holder of a priority certificate. Since then new passenger cars and trucks have been delivered only to holders of a priority certificate. It is now felt that the distribution of motor vehicles can best be handled by normal trade channels, and the regulations have accordingly been rescinded.

I should remind the house that price ceilings on motor vehicles are fixed by the wartime prices and trade board, and that the rescinding of these regulations does not remove or affect the price ceilings on motor vehicles.

CANADIAN ARMED FORCES

ANNOUNCEMENT OF NEW METHOD OF DEALING WITH ABSENTEES AND DESERTERS

Hon. DOUGLAS ABBOTT (Minister of National Defence): I desire to announce that a new method has been adopted of dealing

with absentees and deserters from the armed forces. The new method will apply to all service personnel who went absent on or before 1st January, 1946, and who had not been apprehended or had not surrendered themselves before 15th August, 1946. It will not apply to those who deserted or went absent while serving overseas. The order in council authorizing the new method, provides that such persons shall be deemed never to have served in the armed forces of Canada and consequently shall not be entitled to any of the rights, privileges or benefits normally accorded to members of the armed forces.

The new method to be now adopted was approved by the Prime Minister prior to his departure for the Paris peace conference. The order in council authorizing the new method of dealing with absentees and deserters was passed yesterday and the effective date fixed as to-day, August 15.

At the present time there are approximately 14,000 army absentees and deserters still unapprehended of whom approximately 8,200 are N.R.M.A. personnel and 5,800 general service personnel; 155 in the navy and 140 in the R.C.A.F. During the war, and from the end of the war up to the present time, active efforts were made by the services to apprehend absentees and deserters. When apprehended or after surrendering they were tried by service authorities. A period of detention normally followed. This has required the maintenance at a substantial cost of special service establishments such as provost corps, staffs at headquarters and depots, and military detention barracks, to apprehend, discipline and retain in custody the absentees and deserters. Further expenditures are incurred upon the issuance of rations and quarters, medical and dental treatment, clothing and equipment, as well as dependents' allowance for the dependents of those in detention.

When such absentees and deserters have served their sentences they are discharged from the armed forces and at that time they normally receive a clothing allowance of $100, plus other rehabilitation benefits, including in many cases a war service gratuity and rehabilitation grant based on the period of satisfactory service but not including the time spent while absent without leave or in detention. In addition there are other benefits of real value for which they may be eligible, including disability pensions, assistance under the Veterans' Land Act and the like. Such personnel are entitled to dental treatment at the time of discharge as well as free medical treatment for the first year after discharge. This new method will have, therefore, the result of imposing a penalty by the removal of benefits to which such personnel would otherwise be entitled and, at the same time, effecting substantial economies in both manpower and financial outlay.

Numerous requests and representations have been made from time to time during the past year for a general amnesty as was granted on December 20, 1919 after the last war. The method which has been adopted imposes an automatic penalty which deprives absentees and deserters of the benefits which they might otherwise derive as members or former members of the armed forces.

The method which I have outlined applies only to those absent before January 1, 1946 and is not intended to include the casual short-term absentee who continues as a normal problem of the three services. While length of absence is not an infallible guide as to the intention not to return to service, it is a general indication that the absentee does not voluntarily intend to return. It was thought that all absentees who merited any real consideration have had more than a fair opportunity for the past several months to come forward voluntarily.

Absentees and deserters who had been apprehended or who surrendered themselves prior to 15th August 1946 and who are at present serving sentences will have, subject to the usual provisions, the compensating advantages and benefits which I have mentioned. Under existing regulations all sentences of absentees and deserters at present in detention are reviewed regularly and remissions granted where desirable. This policy will continue with more frequent reviews being made.

Absentees and deserters who under the new procedure are deemed never to have served will, of course, not receive any form of discharge certificate from the Canadian services.

I wish to table copy of order in council P.C. 3264 to which I have referred.

Mr. PEARKES: May I direct a question to the Minister of National Defence arising out of the statement he made? Is the board of review to which he referred the board which was set up under Mr. Justice Keiller Mackay to examine all court martial cases, or is it a board made up of regular officers? Also, is the board under Mr. Justice Keiller Mackay still operating?

Mr. ABBOTT: I did not refer to any board of review. The board under Mr. Justice Keiller Mackay is not operating. I referred to the review which is made periodically, as my hon. friend knows, by the district officers com-

manding or by the general officers commanding all commands, and which no doubt my hon. friend made when he was occupying that position.

Mr. McMASTER: I should like to ask the Minister of National Defence if there is any authority except that which would be given by the National Emergency Transitional Powers Act to make the order that was made this morning?

Mr. ABBOTT: To answer that would require a legal opinion which I do not think I can give offhand. I was advised by the Department of Justice that the order in council was within the power of the governor in council.

NATIONAL REGISTRATION

DISCONTINUANCE AS OF AUGUST 15—REVOCATION OF MOBILIZATION REGULATIONS

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I have to inform the house that under order in council P.C. 3449 of August 14, 1946, national registration has been discontinued as from to-day August 15. It is provided by the same order in council that further prosecutions shall not be entered against anyone accused of an infraction under the national registration regulations, 1940, nor shall pending cases be proceeded with.

I should like to briefly review the salient features of the registration when now announcing its termination.

At a time when France had fallen and Great Britain was already being subjected to the most violent action the enemy could put against her, when indeed the shadow of actual invasion over this country appeared to offer some grim prospect of reality, it was agreed that existing data on Canada's human resources was inadequate for total war purposes.

Within two months of the collapse of France all plans had been laid for the national registration of civilian residents of Canada over sixteen years of age, and registration was made during August, 1940.

With the assistance of an army of volunteer registrars, forms were completed by 7,862,920 persons, of whom, 3,979,680 were males and 3,883,240 females.

Made under the National Resources Mobilization Act, the registration was taken for, and kept up to date by the Department of National War Services, until March, 1942, when it was transferred to the Department of Labour to assist toward wartime control of manpower.

[Mr. Abbott.]

Since 1940 keeping the fundamental data of the registration up to date has involved a total of about eight million changes, including new addresses, marriages, deaths, corrections, new registrations, and so forth—about the same number as there were persons registered originally.

The data yielded by the registration was used for a variety of purposes, but chiefly for the following:—

(a) The military call-up for the army.

(b) Procurement of skilled workers for essential industries.

(c) Indexing of technical personnel.

(d) Listing of doctors and nurses.

(e) Identification of individuals for a variety of purposes.

(f) Listing of certain foreign nationals of allied nations, available for military service under those countries.

I should like to express my sincere appreciation to the staff engaged on the registration while in the Department of Labour, and to the postmasters across the country who acted as agents, and without whose assistance the keeping up to date of the registration would have been extremely difficult.

The same order in council, P.C. 3449, revokes the national selective service mobilization regulations, 1944, as from August 15. Earlier this year the thirteen mobilization boards had been dissolved, and the thirteen registrars' offices across Canada had been closed out. The order in council provides that further action will not be instituted in the courts against any offenders under the mobilization regulations, nor will court proceedings now pending be proceeded with.

At this point I should like to explain that the action taken now follows after very strenuous efforts to locate all men of military call-up age who could not be found again after first registering. In addition to using the services of the Royal Canadian Mounted Police and other police forces throughout Canada and checking through government contacts with the population, we have used several established tracing agencies for some years. The various methods used did, of course, succeed in locating many outstanding delinquents, but it is our opinion that the 1,563 who failed to respond to our orders, and who have not yet been traced, could hardly be located, even through further efforts.

The total of men not yet located has been reduced to 6,553—this out of a grand total of 1,859,811 men dealt with under mobilization regulations. But this number of 6,553 contains mostly men who have left the country, or who apparently are dead, or who registered more

than once under assumed names, or are in other unusual categories. The possible delinquents are represented by the figure of 1,563, to which I have referred already. Thus, at most, men not yet located, and thought to be delinquent under the regulations, represent only one-twelfth of one per cent of the grand total, 1,859,811.

Figures on the military call-up were frequently given to the house in the past, so at this time I think that in addition to the figures I have mentioned already, it is only necessary to mention that somewhat more than 800,000 of the men dealt with under mobilization regulations are recorded as in the armed services at one time or another.

Originally, of course, the military call-up came under the Department of National War Services, but its administration had been transferred to the Department of Labour at December 1, 1942.

To the members of the judiciary and the other gentlemen who served on the mobilization boards, I wish to express my sincere appreciation once again. Their responsibilities were grave, and their duties were onerous. They had to decide between important wartime industries and the urgent need of men for the armed services. I suggest that without exception they discharged their duties in a conscientious and fair manner, and that they deserve our gratitude. Also the registrars and their staffs deserve credit for the manner in which they carried through their responsibilities.

I am happy that we have reached the day when we are able to dispense finally with these registration and mobilization regulations, and I am sure that the hon. members will agree with that sentiment. These measures were vitally necessary for war purposes. They helped Canada over many of our manpower difficulties, but they represented one of the features of wartime administration which a democratic public tolerate and even expect, but which the same public very properly feel is not in accord with the peacetime machinery necessary in the government of a free people.

I now lay on the table a copy of order in council P.C. 3449 of August 14, 1946, as referred to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

IMMIGRATION REGULATIONS

Mr. SMITH (Calgary West):

With reference to order in council P.C. 695 of 21.iii.31, as amended by P.C. 805 of 23.iv.37, P.C. 5024 of 30.vi.44 and P.C. 2071 of 28.v.46—

1. What sum of money is considered to fulfil the condition "sufficient means" mentioned in paragraphs 1 and 2 of said P.C. 695?

2. What position of affairs is considered to fulfil the condition "in the position to secure and care for" mentioned in paragraphs 3 and 3a of said P.C. 695, and who is the judge in such cases?

3. What sum of money is considered to fulfil the condition "sufficient means to farm in Canada" mentioned in paragraph 4 of P.C. 695?

4. What position or sum of money is considered to meet the condition "in a position to receive, marry and care for" mentioned in paragraph 5 of P.C. 695?

Mr. GLEN:

1. As the minimum requirements must necessarily vary with the conditions of settlement in each case, there is no specific sum of money called for. The immigrant must satisfy the immigration inspector-in-charge that he is in a position to maintain himself until employment is secured.

2. An investigation is conducted by an immigration officer to establish that the applicant for admission to Canada of a dependent or other relative described in the regulations is in a position to receive, house and support his dependent, or in the case of an admissible relative house and maintain such relative until the latter becomes established. The decision is made by the district superintendent of immigration on the facts determined at the investigation.

3. No specific sum of money is called for by the regulations. The amount will necessarily vary in accordance with the type of farming, class of farm required, district to which the immigrant is proceeding, and similar matters.

4. See answer to No. 2 above.

QUESTIONS PASSED AS ORDERS FOR RETURNS

SOUTH SASKATCHEWAN RIVER WATER DIVERSION

Mr. DIEFENBAKER:

1. What work consisting of preliminary plans, survey parties and actual operations, has been done since January 1, 1946, in connection with (a) the projected diversion of part of the waters of the South Saskatchewan river at or near Elbow, Saskatchewan, including the erection of a dam; (b) the providing of a reservoir for waters in the Qu'Appelle valley; (c) the elevation or the raising of the level of Long lake; (d) the conservation and increase of the waters of Watrous lake?

2. What further work is contemplated on each of the said projects for the remainder of the present year?

Mr. GARDINER: May I be permitted to give an oral answer to this question and then ask that it stand as an order for return in order that full details may be obtained? The information must be obtained from Regina

and it will take some little time to get it. We may not get it before the end of the session, although I hope that will be possible.

The first question asks what work consisting of preliminary plans, survey parties and actual operations, has been done since January 1, 1946, in connection with (a) the projected diversion of part of the waters of the South Saskatchewan river at or near Elbow, Saskatchewan, including the erection of a dam? While I was in Regina a week or so ago I made inquiries and I found that the work that has been done so far this year consists merely of engineering work for the purpose of trying to locate a site at which a dam can be properly built. The difficulty is to find a foundation upon which to rest the dam, and up to that time a suitable site had not been found.

The next section of the question deals with the providing of a reservoir for waters in the Qu'Appelle valley. I think it will be known to the hon. member that there are several different reservoirs there in the form of dams at the end of lakes which either dry up or go down partly during the dry seasons in order to store some water. I do not know that any additions have been made in 1946 down to the present, although the detailed statement will show whether that is true or not. We are locating dam sites along the north and south side of the Qu'Appelle for the purpose of storing water in order to let it come down gradually during the summer rather than to rush away during the spring of the year.

The next part of the question deals with the elevation or the raising of the level of Long lake. I do not think any work was done there in 1946, although considerable work has been done during the last five or six years in an attempt to restore the levels of that lake. The complete restoration would be associated with whatever answer is given to question (a) having to do with the diversion of water down the Qu'Appelle if that is found necessary.

Section (d) deals with the conservation and increase of the waters of Watrous lake. I do not know that anything has been done in that regard in 1946, but detailed information will be provided. If this question is allowed to be made an order for return, full information will be given.

GOVERNMENT DEPARTMENTS—ADVERTISING AND PUBLICITY STAFFS

Mr. FRASER:

1. What departments of the government, if any, applied to the Civil Service Commission for additional staff to handle advertising and publicity in their respective departments?

[Mr. Gardiner.]

2. What are the details of requirements for each department and salaries covering each position advertised by the Civil Service Commission for these departments?

Mr. GLEN: Return tabled.

USE OF EXHIBITION PROPERTIES FOR WAR PURPOSES —WOODSTOCK AGRICULTURAL SOCIETY

Mr. DANIEL:

1. What has been the cost to the Department of National Defence in policing the grounds of the Woodstock agricultural society since the close of the driving and maintenance school in March, 1946?

2. What has been the cost to the government for policing the grounds of the Woodstock agricultural society since taken over from the Department of National Defence by the War Assets Corporation?

3. What was the estimate of cost made by the Department of National Defence for the restoration of the Woodstock agricultural society's property and buildings?

4. Was there an estimate made by the Woodstock agricultural society to restore their property for fair purposes and, if so, what amount did they agree to accept in cash?

5. What annual rental was paid for the following exhibition grounds (a) the buildings and grounds of the Woodstock agricultural society at Woodstock, Ontario; (b) for buildings and exhibition grounds at Woodstock, New Brunswick?

6. How many exhibition grounds in Canada were leased for defence purposes during the war period?

7. How many of the exhibition grounds and buildings, so leased, have been returned with settled claims as follows: (a) Payment in cash made by the government without the removal of buildings and other equipment constructed by the government; (b) no cash payment, but buildings and grounds restored to the satisfaction of the exhibition authorities?

8. (a) In making settlement for damage or restoration for any exhibition property, has the government removed any buildings or equipment constructed for war purposes; (b) if so, where?

JAPAN

CONTROL AND SUPERVISION—REPORT AS TO PARTICIPATION OF CANADA

On the orders of the day:

Right Hon. L. S. ST. LAURENT (Acting Secretary of State for External Affairs): Mr. Speaker, yesterday the hon. member for Peel (Mr. Graydon) asked whether the government was in a position to comment on a news dispatch from Tokyo reporting that the supreme commander for the allied powers, General Douglas MacArthur, had suggested that the allied council for Japan be broadened by the informal and unofficial addition of seven members, including Canada. According to this press dispatch these seven would represent the countries having membership on the far eastern commission. I said that as far as I knew, Canada had not received

an invitation to join the allied council but that I would ascertain whether there had been any discussion with other governments about the possible extension of an invitation to Canada to join the council.

I find that we have not been approached by any other government on this matter. Membership on the allied council for Japan is at present confined to United States, British, Soviet and Chinese representatives. Its purpose is to consult with and advise the supreme commander for the allied powers concerning enforcing the surrender terms for Japan.

The Canadian government is, of course, represented on the far eastern commission which has its seat in Washington and is charged with the responsibility of formulating the policies, principles and standards required to give full effect to the Japanese instrument of surrender.

TAXATION

DOMINION-PROVINCIAL CONFERENCE—ARRANGEMENTS WITH PRINCE EDWARD ISLAND

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): I should like to ask a question of the acting Prime Minister. Has the government of Prince Edward Island completed arrangements with the federal government for the tax relief compensation as per provincial conference claims submitted?

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): I shall have to take my hon. friend's question as a notice, as I had not received any previous notice of it. I shall see on *Hansard* just what are the exact terms of his question and endeavour to have a proper reply prepared for him.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF TRADE AND COMMERCE

375. Wheat and grain division, $28,532.

Mr. BRACKEN: Mr. Chairman, when the house rose last evening we were discussing the government's wheat policy for Canada. My remarks this morning will deal with two aspects of that policy, one the United Kingdom wheat agreement, and the other the government's general wheat policy as distinguished from the United Kingdom agreement.

My first point is that the United Kingdom agreement or contract is a complete reversal of traditional Liberal policy, whether you spell that Liberal with a capital "L" or a small "l", whether you use the word in the party political sense or in the wider sense as indicating the type of economy which the word is commonly used to describe. I shall take only a moment to illustrate what I mean by saying that this agreement is a departure from Liberal policy.

In recent years the government has committed itself to certain lines of policy aimed to promote trade and good will. For instance, in August, 1941, it agreed to the Atlantic charter. Clause 4 of that charter expresses the ideal, with due respect to existing obligations—

> of furthering the enjoyment by all States, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity.

"On equal terms," it says. In this agreement we have a one-country arrangement which is not available to other countries. So the government's policy is a departure from that statement of policy laid down in the early years of the war.

Later the government approved the Bretton Woods agreement. In that agreement these words appear:

> The fund has been projected to facilitate the establishment of a system of international payments that will maintain relative stability in exchange rates and will permit a multilateral trade pattern.

But in the United Kingdom agreement we have a bilateral trade pattern, and not a multilateral trade pattern.

In 1942 this government exchanged notes with the United States government along the same line. I will read just one clause from the exchange of notes of November 30, 1942.

> Our two governments are prepared to cooperate in formulating a programme of agreed action, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce; and to the reduction of tariffs and other trade barriers.

So the government of Canada in this United Kingdom agreement has departed not only from its traditional policy but from its agreements as expressed in these serious and well-considered statements of government policy. I need not take the time of the committee to read from more of these documents or from more statements by members of the government themselves. I shall content myself by referring to only one, the statement of the Minister of Finance on November 12 last

when he was dealing with the question of withdrawing the government's tariff proposals. The government had planned some tariff increases and later decided to withdraw them, and on November 12, 1945, the Minister of Finance made this statement to the house:

> The government has repeatedly expressed the view that in the interdependent world of to-day prosperity is indivisible, and that the prosperity of any nation cannot be long maintained without a restoration and expansion of international commerce.
>
> We welcome every indication of a movement in the direction of reciprocal action to produce trade barriers.

What I have said, Mr. Chairman, is that the government's wheat policy is a wide departure from those statements of what I believe and most of the Canadian people think were statements of wise policy.

Coming now to the agreement itself I said last night that we regard the agreement as a bad agreement. I shall try to summarize very briefly why we think that.

It is a bad agreement because it proposes to sell 160 million bushels of wheat to Britain at 50 cents a bushel below the world price. It is either a gift or it is an improvident trade arrangement. If it is a gift, let us say so. But if it is supposed to be an insurance against low prices in the future—if because we take less for our wheat to-day than it is worth Britain is expected to pay more for our wheat two years from now than the world price when it may be lower, I say that as an insurance that this will be done, it is valueless.

It is a bad bargain also because it will create friction between Britain and Canada. If in two or three years from now the world price of wheat is low and Britain does not come through with a higher price to us than the world price then is, we shall feel that she has reneged on this agreement. On the other hand, if two or three years from now, when the world price of wheat may be low, we press Britain to pay us more than the world price, she will feel that we are unreasonable. So I say that the proposal is altogether likely to create friction between this country and Britain.

The third reason why this is a bad bargain is that it will cause friction with other nations as well. It will invite criticism from the wheat-producing nations, because here we are selling wheat to the greatest wheat importer of the world at 50 cents a bushel below the world price. What are other wheat-producing nations to think of a policy of that kind.

It will also invite friction from the wheat consuming nations. Why? Because we are selling wheat to Britain at $1.55 a bushel when the world price is above $2 a bushel and we do not offer our wheat to other countries at that low price. We are thus putting ourselves in a very unfavourable position to promote good will with the agricultural producing countries of the world on one hand and with the food-consuming countries on the other. This, Mr. Chairman, is the end of the government's policy of selling cheap wheat to the hungry nations of the world other than Britain, and it will be a handicap to us in trying to build up a market in all these other countries which so interpret this arrangement.

And this contract is a bad bargain because Britain can take this wheat at this low price, manufacture it into flour, and sell that flour at a lower price than flour that has been made by nations which have to pay $2 a bushel for their wheat. It is a bad bargain for this reason also—how can Canada expect to sell the remainder of her wheat at $2 a bushel, the world price, if Britain is offering wheat, or flour made from wheat, at a price less than that? The tendency will be for that practice to drive down the world price and make difficult if not impossible the receiving by Canada of the present world price. I predict that in two years time, or a little more, this agreement will blow up, when the advantages to Britain are gone and when her own people will be wanting to get food at the world price, as they have always wanted to, and when the world price will probably be lower than it is now.

Now, with respect to the government's wheat policy generally,—

Mr. TUCKER: May I ask a question on that? I am curious to know what the leader of the opposition means. Does he mean that the British people will not live up to this agreement?

Mr. BRACKEN: I did not say that.

Mr. TUCKER: Well, I wonder just what the hon. member did mean.

Mr. COLDWELL: He said they would renege.

Mr. GARDINER: That is the only thing it could mean.

Mr. BRACKEN: Why does the hon. member want to ask that question? I should like to answer him if I can.

Mr. TUCKER: I am asking for information, because I wondered what the leader of the opposition meant by that.

Mr. BRACKEN: By what?

Mr. TUCKER: By the suggestion that the agreement may blow up if the price of wheat

should go down below the price provided in the agreement; that the British people would want to get wheat at the world price. Does he mean that the British people will not live up to this agreement?

Mr. BRACKEN: In this agreement does Britain agree to pay us two years from now a higher price than the world price?

Mr. TUCKER: She agrees to pay—

Mr. BRACKEN: Does she?

Mr. TUCKER: I asked the leader of the opposition a question.

Mr. BRACKEN: You asked me a question: I am Irish; I shall answer yours if you answer mine.

Mr. MACKENZIE: Then give him a chance to answer.

Mr. TUCKER: Let me answer the question by saying this—

Mr. BRACKEN: The hon. member wants to make a speech in the middle of mine.

Mr. TUCKER: If under the agreement wheat is sold to Britain at below the world price now, Great Britain will take that into consideration in the price she is to pay under the agreement later on—in the last two years of the agreement.

The ACTING CHAIRMAN (Mr. Golding): Order. The hon. member should not be interrupted without his consent.

Mr. BRACKEN: I asked the hon. member if in this agreement Britain undertakes to pay us after two years from now a price higher than the world price.

Mr. GARDINER: Yes. If the world price is below $1.25 a bushel.

Mr. BRACKEN: No "ifs" and "ands".

Mr. GARDINER: There are no "ifs" about it. Yours is all "ifs".

Mr. BRACKEN: There is nothing in this agreement which requires Britain to pay more than the world price,—

Mr. GARDINER: Yes, there is.

Mr. BRACKEN: Unless the world price is less than $1.25.

Mr. GARDINER: The world price could be less.

Mr. BRACKEN: The world price could be less, and if it becomes less, this policy will be dealing unfairly with the farmers of Canada.

Mr. TUCKER: What did the leader of the opposition mean, then, when he said that the agreement would blow up if prices went below the price under the agreement?

The ACTING CHAIRMAN (Mr. Golding): I would like to remind hon. members that the hon. member who has the floor must not be interrupted unless with his consent.

Mr. GARDINER: He should not ask questions, then.

Mr. BRACKEN: I did not say that the arrangement would blow up because Britain would not live up to the contract, or because Canada would not, but because they would both find that it could not be carried out.

Mr. GARDINER: Who will break it?

Mr. BRACKEN: I would ask my hon. friend, and he can answer now or later: if three years from now the price of wheat is $1.25, and you were a member of the House of Commons of Great Britain, would you support a policy which would pay Canada $1.55 for wheat?

Mr. TUCKER: My answer is that my attitude would be this: if I got wheat during part of the time at below the world price I would expect to pay more when the world price went below the minimum the agreement called for.

Mr. BRACKEN: Well, if you did, you would be different from what the British people have been any time in the past.

Mr. GARDINER: That is not true.

Mr. BRACKEN: The British people have not agreed to pay $1.55 when the world price of wheat is $1.25.

Mr. GARDINER: They paid under those conditions for bacon in the first year of the war.

Mr. BRACKEN: This agreement has nothing to do with bacon.

Mr. GARDINER: It is the same in principle.

Mr. MACKENZIE: They will hold to their agreement.

Mr. BRACKEN: Hon. members know that in the tough days of the thirties when the price of wheat in Canada was 60 cents a bushel, Britain was asked to pay a little more for it and the chief buyer of British wheat said, "No; so long as we can get wheat in Hungary or Roumania or India or any place in the world at a lower price we are not justified in paying any more for Canadian wheat."

Mr. TUCKER: That is the advantage of this agreement; she agrees to do something in regard to wheat.

Mr. BRACKEN: If my hon. friend thinks that by our making this sacrifice now of 50 cents a bushel the British are going to pay 50 cents a bushel more than the world price two or three years from now, he may keep on thinking that.

Mr. GARDINER: May I ask a question? What establishes the "world price" which is being spoken of?

Mr. BRACKEN: It does not matter what establishes it.

Mr. GARDINER: There is no grain exchange open anywhere in Europe.

Mr. BRACKEN: The question is, is there a world price or is there not? Your board said that there is a world price of over $2; and if our grain exchange is closed, some other grain exchange may not be closed.

Mr. GARDINER: They are all closed for wheat except one.

Mr. ROSS (Souris): They are not all closed.

Mr. BRACKEN: Now with respect to the government's wheat policy generally, I make this criticism: it is not fair to the farmers, it is not fair to a quarter of the Canadian people, it is not fair—particularly—to those who are growing wheat. It is not fair because the price that is offered, $1.35, while there is a possibility that something more will be coming after the end of five years, there is no assurance that there will be. One dollar and thirty-five cents is not a fair price for wheat to-day. It is not a "parity price", if I may use that hackneyed term. "Parity price", is the name given to a price which is supposed to express a fair price in relation to other things. The parity price now would be about $1.53, but $1.35 is all the farmers are assured, at a time when the world price is nearly half as high again as that. If the farmers of Canada cannot be assured of a parity price now, when the world price is high, what prospect is there of their being assured of parity price when the world price is low, as it is sure to be later on?

The government's policy during the last two or three years has been a policy generally of floors and ceilings. That has reduced the wide fluctuations of prices, and to that extent is good; it has raised the floors and lowered the ceilings. Now there is a modification of that policy. The government comes along with this price of $1.35, which as I have said is less than parity. The policy has been one of floors and ceilings, but now it is one even more of a controlled economy; and when the government starts in to control the economy, then when things do not go right, or any inequity is brought about, the government has no one to blame but itself. This policy is not equitable. It does not assure equity to farmers, and this is one time when the government might have given them that assurance.

As I have said, the government's policy is one of no assurance of parity when the world price is high, and even less assurance when the world price is low. The government's policy is one of making agriculture carry the cost of the loss on this sale. It is not the nation that is carrying it. The nation's economy will suffer if it does not get as much for wheat as it might have got. But the price of the loss will be borne by the farmers. The government may say that the farmers are probably getting enough, but the fact is that this is a contribution by the farmers of Canada and not by the Canadian people as a whole. When you stop to think that on this one commodity the crop is sold at four different prices—wheat for flour at 78 cents, the so-called domestic price of $1.25, the British price of $1.55, and now the effort is being made to sell to other countries at over $2—you will realize that is very much of a hodge-podge, something which is most difficult to administer and does not work out equitably to the producers.

In closing I recognize that the wheat agreement is signed, signed by the officials of the United Kingdom and by the Minister of Trade and Commerce. Whether it is good or bad, whether it is good in some respects and not as good as it might be in others, the fact remains that it has been signed and I am sure there is a desire on the part of everyone to carry it out. But with respect to the government's wheat price policies, other than those in the wheat agreement—the government, as I have said, has had an opportunity better than it has ever had to assure equity to agriculture. Whatever value $1.35 a bushel may have, it does not assure equity to agriculture at a time when equity could easily have been assured. If this policy, instead of declaring that the price will be $1.35 now for five years, had stipulated that it would be $1.55 now—such a price would for the time being have assured a reasonable degree of equity. But it does not do that. The government might have said that for five years it would agree that if the farmer's cost went up the price would go up and if the farmer's cost went down the price would go down; in other words, that it would adjust the price to the

cost of things the farmers have to buy. That has not been done, and the opportunity to take a long step forward towards equity and justice and social and economic progress has been lost.

I suggest this to the government. The agreement has been signed, but the government can still say to the Canadian people: We will approve a price now of $1.55 a bushel and make it for five years, or three years or two years or one year, and if the farmer's cost goes up, as it is likely to go up—because we cannot grant increases in costs to steel and labour; and all these other things without the farmer's cost going up—if the farmer's costs go up the price will be adjusted from year to year on the basis of these costs. Let it go higher if the costs are higher and lower if the costs are lower. If that were done we would have what every farmer has been wanting, and what every reasonable man in every other calling in the country has been wanting—equity, nothing more and nothing less. It might be difficult to assure that accurately in a free economy, but not so difficult in a controlled economy, or a semi-controlled economy as now. That is the only guarantee of real income stability to the farmer, and it has not been given. But it could be given, and I suggest that the government even yet agree to make the price $1.55 instead of $1.35 per bushel.

Mr. COLDWELL: I have listened carefully both to the minister and to the leader of the opposition, and until the concluding sentences of the speech delivered by the latter gentleman I wondered what policy he would suggest. I may say at once that in regard to price I take a somewhat similar view, that at the present time the wheat agreement calls for the payment of $1.55 a bushel for the wheat that is sold to Britain and I believe that is nearer what we sometimes call a parity price. I believe the government would be well advised to consider this suggestion that, in the event of the costs of production rising for the next few years, as they will do largely because of the government's failure to maintain the ceilings, any difference there may be between what the farmer receives for his wheat and the increased cost of production should be made up out of the consolidated revenue fund of Canada.

We have signed an agreement with Great Britain, and I take a view the very opposite to that of the leader of the opposition. I believe that, having signed that agreement, the British will not, to use the word which I believe the hon. gentleman used, renege on the deal. It has been the history of Great Britain, with all her faults and failings in the past, that she has lived up to her obligations, and one thing that has often been said is that the Britisher's word is his bond. I am convinced that this agreement will be fulfilled to the full by any British government which happens to be in power for the next several years.

Mr. GARDINER: Will my hon. friend permit a question? I understood him to say he considered that parity was somewhere around $1.50 or $1.55. I think it was fairly well admitted that prior to the increase in implement prices and labour which has recently taken place, parity would probably be about $1.41 or $1.42—somewhere around there. The point I wanted to raise was this. The situation has again changed materially in relation to, say, implement prices by the fact that the ten per cent exchange adjustment has been made, which will result in implements coming from the United States being sold at ten per cent less. I am given to understand that a combine is selling at $160 less than before that change was made, which means that all implements made in this country will have to come down too. What we call parity, adjusted from day to day, would be a very difficult thing to apply to wheat, and what we are presuming of course is that for a four-year period parity will probably work out at what we figured it at during the last four or five years—$1.41 rather than $1.55—and it is on that basis that the discussion took place, whether the advance should be $1.35 or $1.40. The farmers organization argued that to put it at parity it should be $1.40, and that is parity over a long period, not a week or a month. It will be agreed by most persons that a parity figure that should be finally used in criticism of the agreement as it works out would be rather a four-year parity than a four weeks or a four months parity.

Mr. COLDWELL: What I had in mind was that the cost of living, according to the figures of the bureau of statistics, has increased by five points in the last three months, and I was making the point that if this increase continues, an adjustment should be made. If what the minister says is correct and parity over the period of the agreement should be in the neighbourhood of $1.40 or $1.35, or whatever it may be, of course that would be a different story, but the point I think I made quite clearly was that if costs of production and costs of living continue to rise, a compensatory adjustment should be made out of the consolidated revenue fund of Canada. We cannot go back to Great Britain and say they will have to pay more, or we would be doing what the leader of the

opposition thinks Britain might do under other circumstances, when he suggested they might be inclined to renege on the deal.

Mr. GARDINER: Might I just complete the story—

Mr. BRACKEN: I did not say Britain was reneging on the deal.

Mr. COLDWELL: You used the word "renege".

Mr. BRACKEN: I said she might.

Mr. COLDWELL: Well, I do not think it is a possibility.

Mr. BRACKEN: What I said was that in this agreement there is no assurance that Britain will pay more than the world price later on.

Mr. COLDWELL: If that does not mean that Great Britain will renege on her deal, I do not know what it does mean.

Mr. BRACKEN: No. I said it was not in the contract.

Mr. GARDINER: May I say just one more word on the other point?

Mr. COLDWELL: I hope, Mr. Chairman, you are considering these interruptions in connection with my time, though I do not expect to take forty minutes.

Mr. GARDINER: We shall not insist on the matter of time, and anyway we are in committee. What I want to point out is that under the floor price measure—that is not the proper name, but it will do—we stated to the house that $200,000,000 was being provided for the purpose of taking care of any adjustments in connection with what might be known as parity on other farm products. At the same time we stated to the house that similar arrangements would be made if necessary, through the wheat board, in connection with grain. I just want to point out that provision is made in another way.

Mr. COLDWELL: I am glad to know that provision is made should circumstances arise making it necessary. I was not aware of that, and I doubt very much whether other hon. members were aware that this was the interpretation which might be placed upon the previous statement made by the minister.

I was amazed to hear the leader of the opposition accuse the government of attempting by this agreement to end the policy of selling cheap wheat to countries other than Britain. Surely if the farmers of western Canada have suffered at all they suffered particularly during the years from 1930 to 1939 or later from the policy of selling cheap wheat. Why, we know in western Canada that on one occasion at Fort William wheat went down to 38 cents a bushel for No. 1 northern, which meant at the country points in my own constituency, for example, that No. 1 northern was worth 20 cents a bushel. If that is what this agreement ends, then I am all for this agreement, and I am surprised to hear the leader of the opposition or anyone else in the house suggest that the agreement ends the policy of selling cheap wheat to countries other than Britain. I hope it does end that policy for all time.

Let me comment briefly upon another provision which I regret is in the agreement, because I do think it leads to a tremendous amount of misunderstanding. I refer to the clause which permits Great Britain to sell or otherwise dispose of the wheat. I wish we could get a fuller explanation of what that clause means. But I bear in mind that very recently Britain herself surrendered 200,000,000 tons of foodstuffs to feed the starving people of western Europe, particularly the people of her former enemy, Germany. If you look up the statistics you will find that practically half a billion dollars was spent on food by Britain, not for resale to the distressed nations but in order to relieve starvation on the continent of Europe; half a billion dollars of the money of the British taxpayers was spent for that purpose. I hope this clause in the agreement is an indication of an intention to continue that kind of humanitarian policy.

Now I want to say to the Minister of Agriculture that even if conversion comes late I am glad it does come. I look back over the years before the war and during the war when those of us in this party advocated agreements of this type, and I remember the minister rising in his place and denouncing such agreements, stating that open market trading set a price which was fair and reasonable for the commodity sold. I did not have time to look through all the records, but I recall that in 1939, for example —and I chose a year before the war—in foreshadowing legislation following the Turgeon report, the minister said at page 1037 of *Hansard* for that year:

> . . . we intend to introduce legislation which will carry out as far as possible the recommendations of the Turgeon commission, which were:
>
> First, that the government should remain out of the grain trade and our wheat should be marketed by means of the futures market system.

I shall read the other two paragraphs, though they have little bearing:

Second, that the grain exchange should be placed under proper supervision.

Third, that encouragement be given to the creation of cooperative marketing associations or pools.

Then in explanation the minister went on:

We cannot agree that there is likely to be permanency to any system of marketing farm products which is based upon price fixing. We prefer to embark upon a policy which will lead to costs of production and standards of product which will invite a paying market for all our farm products.

I am pleased indeed that the minister has come to the conclusion that another policy is better than the one he outlined at that time. May I also add that I think this policy is in conformity with what is being done by other countries. After all, we have to view realistically the situation in which we find ourselves, and when realism demands a change of policy then that change must be made.

I think the wheat agreement is a very important step in the attempt to achieve stability in the price of wheat to the western grower. I have just come back from western Canada. As the minister indicated, he also came back a day or two ago. We had a national convention, at which I met a good many representative farmers other than the delegates who were there. Being interested in this wheat agreement, and having given some approval to it before to-day, naturally I was interested in finding out what was the reaction on the part of the people whom I have known for a good many years. I found, as the minister found, that while the western farmer thinks, as I indicated earlier, that the price to him now should be higher, none the less he feels that this agreement makes for some stability in the production and marketing of wheat, and that he is now relieved from the dangers from which he suffered during the period immediately following the last war, when he saw the price of wheat drop from nearly $3 a bushel down to slightly over $1 a bushel in approximately twelve months. And he realizes that if he can get a stable market at a stable price which is adequate to maintain a reasonable and decent standard of living, in the long run he will be better off than if he took a high price now and a low price two years from now. And I say that so far as it is designed to achieve stability, it should meet with this parliament's approval. Regardless of what Great Britain may pay in the last two years, it guarantees an initial price of $1.35 a bushel for the period of the agreement. And at the end of that period I believe we shall be able to look back and say that, in all certainty, this agreement did give a measure of stability, and perhaps protected the farmers—as I shall show later on—from some of the dangers inherent in the present world situation. This of course is vitally important to the Canadian farmer, and may be even more important in the later years of the agreement.

But while we are dealing with our overseas customers, the farmer is entitled to expect that the government will set the same price for our millers on the wheat used in the domestic market. I believe that is the universal opinion of western wheat growers, and I suggest the government would be well advised to reconsider that phase of its policy. After all, an increase from approximately 78 cents to $1.35 per bushel, even if it were carried into the price of a loaf of bread, would not mean more than a rise of one cent in the price of that loaf in this country. While bread is a very important commodity, I do not think that under any circumstances our farmers should be called upon as a group in any way to assist in doing something that the whole of Canada should do. Therefore I suggest that that phase of government policy should be reconsidered.

During the war farmers were called upon to produce under great difficulties, and to make great sacrifices. We should not now ask them to continue to make sacrifices. They are entitled now to a price, and a guarantee in price, which will give them a proper return for their labour and enable them to live as well as those who live decently and well in our urban centres. And when I refer to a proper standard of living I am thinking of the standard of those who live decently and well in urban centres.

The price at which our wheat is being sold to Great Britain at the present time is $1.55. Again the criticism is made that this is below the United States price. I believe that yesterday the Minister of Agriculture was clear and also wise in placing before the committee the fact that it was the United States price we were talking about, not what is sometimes called the world price. But whatever the United States price is to-day, it may well be that during the course of this agreement there may be a spectacular fall in world prices, which, without the protection of an agreement of this kind, might prove disastrous to the farmers of Canada. But, as I warned a moment ago, if the cost of production rises there must be some compensatory payment to the farmers of Canada, apart altogether from the British agreement.

What the farmers need, and what we in this party have always urged, is a parity price. I do not know how hon. members would define that expression, because there are a good many definitions of it. But the one I always keep in mind is this, that a parity price is one which bears direct relationship to other costs in the economy—costs of production, costs of living, and the like. I admit immediately that this involves a considerable amount of economic and social planning.

This particular feature of the matter, namely the parity price and a decent standard of living, is important. We must not overlook the fact that while the government guarantees to take all the wheat delivered in the crop year 1946-47, after that time the farmers may be put on a quota of deliveries amounting to fourteen bushels per seeded acre, if and when required.

An hon. MEMBER: Authorized.

Mr. COLDWELL: Yes, authorized. If that should occur it means of course that the returns from wheat may be lower than would maintain the standard of living to which I have referred. I know that the average production of wheat on our western farms over a period of years is slightly over 15 bushels to the acre—15·7 I think it is. Perhaps if we were to deduct the seed, the amount that is fed, and averaged the remainder over the entire area, the average might be about 14 bushels to the acre.

Mr. GARDINER: It actually is.

Mr. COLDWELL: I want to be fair in my discussion of this particular phase of the matter. Obviously—and the interjection of the Minister of Agriculture when the leader of the opposition was speaking emphasizes it—there is no further use for a Winnipeg grain exchange. To keep it open to play with rye, with coarse grains, or even with a surplus of wheat, would, I think, mean that all we were doing was maintaining an institution which has outlived any usefulness. We know perfectly well that in other countries exchanges of the type of our grain exchange are being closed. One of the greatest in the world, the cotton exchange in Great Britain, was closed permanently not long ago. I believe the Liverpool grain exchange will not reopen.

The success of this agreement will depend upon the grain situation in the world in a few years, and in this respect I think the agreement may be a valuable protection for our western farmers. Canada's exports of machinery alone, as placed on record the other day by the hon. member for Melfort, indicate the extent to which mechanization is going on in countries which were not mechanized before the war.

When I was in Great Britain in the autumn of 1944 I had the privilege of flying from Prestwick to London. Upon arriving there I remarked that, having been born in that country and having lived there until I was about twenty-one years of age, and knowing the rural districts of England rather well—because all my relatives were engaged in agriculture—I had been amazed while flying over that country to see the degree of cultivation which had taken place. I was amazed to see that there were actually combines operating in some of the fields. When on a subsequent occasion I made these observations to a member of the British government he said, "Great Britain is now the most highly mechanized agricultural community in the whole world." One finds it difficult to believe that, but the figures were produced to show that with their tractors and their high-powered farm equipment they had become at least one of the most highly mechanized agricultural countries in the world. In the same autumn we crossed parts of Europe and saw the difference there. For instance, in France we saw farmers cultivating their land with walking-ploughs pulled by a cow and a horse hitched together—using the most primitive methods of cultivation. And yet we know that even under these circumstances, prior to the war France was able to export wheat—and indeed, exported considerable quantities of it in some years. But now, with the feverish attempt to grow cereals in order to feed the starving population of Europe, these countries are mechanizing to an extent undreamed of a few years ago. We know what Russia was able to do in a few years of mechanization. In the semi-arid regions of North Africa—and wheat is a semi-arid plant—they are placing large new acreages under cultivation and using new and high-powered machinery. Australia and the Argentine republic will not in all likelihood suffer from another severe drought in the next few years and we may again see accumulations of wheat pile up. This agreement would then protect our western farmers to an extent that may be very valuable to them in the years to come.

As the minister said yesterday, the records show that this will mean that for the four years we shall be guaranteed a market for sixty per cent more wheat than Great Britain was buying before the war. I have not looked it up, but I think my memory serves me correctly when I say that the banner year before the war in our exports of wheat to the United Kingdom was around 102 million

bushels, although I am not quite sure of that figure. But I do know that the statement is correct that this will give our western farmer an assured market for an average of sixty per cent more than we exported to Great Britain before the war. This would be a great advantage to us should surpluses accumulate.

May I remark to the leader of the opposition and to my friends of the Winnipeg *Free Press* that they are clinging to an outworn philosophy of trade when they follow the principle of laissez faire. There is no question about it that we shall never come back again to the old methods of trade. Governments will not allow their basic supplies to remain in the hands of speculative interests who are concerned not with the welfare of the people of the world but only with the making of profits out of the needs of the community.

In Europe, which is our principal customer, governments of all types are engaged in protecting their people against the fluctuations brought about by speculation. I know that those of us who believe that are often accused of pinning our faith to what is called bilateralism. I do not think this is bilateralism. A bilateral agreement would mean that if we were to sell Great Britain 160 or 150 or 140 million bushels of wheat at a given price, we would undertake to take from Great Britain at the same time an amount of British goods which would substantially cancel the value of the goods we were sending to Britain. That, substantially, would be a bilateral agreement. To my mind an agreement of this kind may actually break open the markets of the world and lead to a new form of multilateral trade. That is what I hope and have always hoped, and that is what I believe will happen. As long as we have socialist governments—and they are going to continue in power and grow in power across the world—they will not allow their people to become the victims of speculation in essential commodities.

I should like to note one feature of the agreement which may be of value to us and to the world. Provision is made for entry into a world wheat agreement if and when it can be reached. I hope that such a world agreement can be reached, because it would be beneficial not only to Canada but to all the world. Our government has been forced by the trend of events to consider and accept an agreement of this kind and I know it will be forced further along this path.

If we want to maintain, not only adequate farm prices but an adequate standard of living for our workers, we shall have to have more and more not of regimentation but of the kind of democratic control that is needed for our economy. This means that we shall have to plan our economy more closely than ever. At the moment these agreements are not sufficiently inclusive of Canadian products. We want to maintain high levels of employment, which depend upon high standards of living on the farm. High standards of living on the farm depend upon high levels of employment. But an over-all plan could do these things, so that an agreement of this sort would not fail.

I do not want to say much more, except that with the qualifications I have given I welcome this agreement. I believe I am speaking for the great majority of my supporters and the supporters of this movement when I say that to the extent to which it will achieve stability in this great commodity which we produce in such vast quantities, to that extent it will be beneficial. No one can foretell the future, but the value or otherwise of this agreement will be known in the course of the next four years.

I am prepared to say that if the government makes the provisions that I have mentioned for necessary adjustments, it will be beneficial. Before I sit down I must say I am certain that the present British government which negotiated it, or any successor to that government will honour the signatures to this agreement.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): If the committee is not ready to pass this item, I should like to suggest that it stand and then we could come back to it after the Minister of Agriculture has had an opportunity to have considered by the committee the few remaining items there are in agriculture.

Mr. ROSS (Souris): Are we not going to finish this item, now that we are on it? Several of us have made arrangements to be here when this item was being discussed.

Mr. MacKINNON: The Minister of Agriculture is leaving for England and the continent this afternoon. We have broken into the ordinary business of the house yesterday and to-day in order to enable this particular item in trade and commerce to be discussed while the Minister of Agriculture is here.

Mr. BRACKEN: I think the committee will wish to make it possible for the Minister of Agriculture to get away and also to deal with the remaining items in his department. Could that not be done and still have this item dealt with to-day?

Mr. GARDINER: I have four items left, and I do not think they should take more than five or ten minutes. The minister is suggesting

that after he makes a short statement this item be allowed to stand, and then after the other items have been cleaned up we could come back to it.

Mr. BRACKEN: Are we assured that it will be dealt with to-day? That is all we want over here.

Mr. COLDWELL: The Minister of Agriculture has indicated that there will not be a prolonged discussion on the four remaining items in his department. If we have the assurance that following those four items the Minister of Trade and Commerce will come back to this item, that will be satisfactory.

Mr. MACKENZIE: We will do that.

Mr. MacKINNON: Just before this item stands I should like to take this opportunity to answer a question asked by the hon. member for Battle River, and also a suggested question by the leader of the opposition. The hon. member for Battle River asked whether shippers and exporters are being paid commissions by the Canadian wheat board.

Mr. FAIR: I want to set the minister straight. I did not refer to shippers and exporters; I asked about brokers and commission merchants.

Mr. MacKINNON: I think I will cover it in my answer. My understanding was that the inquiry had reference to shippers and exporters. Shippers and exporters have not been paid any commission since the market was closed in 1943. The brokers and exporters were paid commissions on work they did in connection with the wheat board up until a year ago, when these payments were discontinued. Where purchases for export are made through brokers and exporters I am informed that the usual commission is charged the purchaser, but there is no charge on the wheat board and of course no charge directly or indirectly on the wheat producer.

As to the 14-bushel restriction on the authorized acreage, which is between 21 and 22 million acres, there are no restrictions on delivery in 1945-46 and no restrictions on delivery in 1946-47. The 14-bushel limitation as it stands in the government's new programme is designed not to restrict total deliveries over a period of years but rather to meet the problems which might arise if we had an exceptionally large crop, say of 550 million bushels in any one year. In such circumstances the limitation would be useful in securing an equitable delivery as between the 240,000 wheat producers. It would protect the wheat grower who lives five or six miles away from his elevator, who would thus be able to deliver his share of the crop as well as the farmer who lives close to the elevator.

I suggest, Mr. Chairman, that this item be allowed to stand.

Item stands.

DEPARTMENT OF AGRICULTURE

481. Seed export office, $35,688.

Mr. WRIGHT: Has the minister any figures on the exports of grass seed, clover seed and other seeds during the past year?

Mr. GARDINER: I am sorry I have not the figures here.

Mr. WRIGHT: Would the minister have them placed on *Hansard* later on?

Mr. GARDINER: Yes, I will have the figures placed on *Hansard* later.

Mr. SENN: Will the same machinery for handling the export of seeds be in operation this year?

Mr. GARDINER: Approximately the same. There may be some slight changes.

Mr. SENN: Have the prices been set for the export of seed, or will they be set later?

Mr. GARDINER: I am advised by the official who has just come in that it is the intention to discontinue the seed export office. That is contrary to the answer I gave a moment ago.

Mr. SENN: Why is that change being made? Is seed for export not going to be handled in the same way?

Mr. GARDINER: The decision reached was that the time had come for the government to step out of this business and turn it back to the trade where it had been prior to the war, and allow the trade to handle the exports in the same way they did before.

Mr. SENN: We in Ontario from time to time have to depend on western seed, particularly alfalfa. Are measures to be taken to see that enough seed is kept in the country to supply our needs in eastern Canada?

Mr. GARDINER: The permit system is to continue. Permits have to be secured in order to export seed. That would take care of any shortage in Canada should it develop. Reverting to the question asked a few moments ago by the hon. member for Melfort, he will find the figures he asked for on page 18 of the annual report of the Canadian Seed Growers Association for 1945.

Item agreed to.

482. Grosse isle research project, $80,000.

Mr. BRYCE: Will the minister give an outline of this project?

Mr. GARDINER: This is a very special project which was established during the war to investigate and check the spread of disease by microbes and that kind of thing. That work is being continued.

Mr. CHARLTON: It is not often that I congratulate the minister, but I wish to take this opportunity to congratulate him on the work that is being done by the pathological laboratory in Hull on rinderpest which is one of the most serious diseases afflicting cattle and which causes heavy losses particularly among cattle in Asia and Africa. As transport in China is largely carried on by cattle, the loss is of very great importance to them, and I understand that through the work of the research laboratory in Hull thousands of vaccines have been sent to China. The laboratory deserves a great deal of credit, and I wish to congratulate the minister upon the work it has done.

Mr. ARGUE: From the information which the minister has at this time about crop conditions in western Canada, can he say whether the Prairie Farm Assistance Act will be applied this year?

Mr. GARDINER: I am not in a position to say at the moment, because that matter has not been presented to the government. There are areas in western Canada, particularly the area from which the hon. member comes, which have suffered greatly from drought, and the matter will have to be considered. I cannot give any more definite answer now.

Item agreed to.

DEPARTMENT OF TRADE AND COMMERCE

375. Wheat and grain division, $28,532.

Mr. ROSS (Souris): There are a few points in connection with the United Kingdom wheat agreement which have not been dealt with. I was interested in the suggestion of the hon. member for Rosetown-Biggar that any future increases in production costs should be taken care of out of consolidated revenue. I am sure that he realizes just as well as anybody else from western Canada that production costs are increasing every few days. We have had an implement cost increase; we have other items which are increasing almost daily the cost of production to the farmers, and I am sure these increases will continue for some time.

I was interested also in the remarks of the Minister of Agriculture about parity. I assume when he said that before the increase in the price of implements parity might be $1.41 or $1.42, he meant net to the farmer. The actual price, despite this export price of $1.55, which the farmer will be receiving is on an average $1.17 a bushel.

Mr. GARDINER: I meant $1.41 at Fort William.

Mr. ROSS (Souris): That also has a bearing on the suggestion of the hon. member for Rosetown-Biggar, because twenty cents a bushel is held back now, that being the difference between the export price of $1.55 and the initial payment, which is $1.35. I imagine that when that is held by the government for five years, it is a safeguard to average up the price in case there is a great decline at that time; therefore it will be the producer who will be carrying the added cost.

As has been pointed out, we have a rather difficult set-up from an administrative point of view. It is a complicated dish which the government has handed the farmer in the present wheat bill. The present floor price is $1 a bushel, the domestic price is $1.25, the initial payment is $1.35, the export price is $1.55, and the miller's price is $2.05 a bushel. On flour for domestic consumption in Canada the federal treasury has subsidized the miller for the difference between $1.25 per bushel and 77⅜ cents, which is 47⅝ cents a bushel to the consumer. I think it is understood that in this country we consume in flour the equivalent of sixty million bushels of wheat a year, and the difference between the $1.55 export price and $1.25 is 30 cents a bushel, which means a loss to the producer of some $18 million annually which he must bear over and above his share of the taxation for the 47 and a fraction cents a bushel. Then, the initial payment of $1.35 basis No. 1 Fort William actually means that the average payment the farmer would receive at country elevators is $1.17 per bushel. The difference between that initial payment and the export price of $1.55 to Britain is, as I said, twenty cents a bushel, which the Canadian government propose through the wheat board to keep from the farmer for the period of the next five years. One dollar and seventeen cents has a very low purchasing power under present conditions in Canada, and it is what the proceeds of a bushel of wheat will purchase for the farmer in goods and services that really counts. That is this basis of parity which we try to arrive at. The purchasing power of a bushel of wheat has increased only six per cent since 1913, whereas the hourly wages of Canadian industrial

labour now have a purchasing power of 64 per cent more than they had in 1913. That is quite a difference.

As to the export price of wheat to Britain at $1.55 basis Fort William, it has been set out that for the first two years Canada agrees to sell to Britain 160 million bushels of wheat at the price of $1.55; for the third year, 140 million bushels at $1.25; and for the fourth year, 140 million bushels at $1 per bushel; and Britain may resell any quantity of this wheat to any other nation as set forth in the contract. It has been pointed out before that Britain's annual average use of Canadian wheat has been approximately 93 million bushels. Thus, Britain can now resell approximately 60 million bushels of this wheat annually to any other nation at any prevailing open world price. The present United States price is $2.05 per bushel for export. The Argentine price to-day is $3.13 per bushel. British farmers are to-day receiving for this year's crop in the equivalent of Canadian money approximately $2.29 per bushel, and for the next year they are guaranteed by their government approximately $2.47; and these prices are net on their farms.

As has been stated before in this house, London comment is that the Canadian price is much lower than the United States and Argentine prices to-day, and if Canada is willing to promise deliveries at the price fixed for the next two years it would be a very foolish buyer who would refuse. I do not suppose there is any argument about that statement.

Throughout the war years this government prevented the Canadian farmer from exporting at prevailing world prices, while allowing the lumber producer and the manufacturer to do so. They exported at the world prevailing price even the manufacturer of farm implements, which the Canadian farmer is not able to obtain to-day. And this same situation is now being continued for the next few years. The cost of things which the farmers must buy is rising daily, as I pointed out, and I think everyone expects that it will rise for some time to come. Therefore agricultural prosperity has not kept pace with industrial prosperity. The prices of things which farmers have to buy for their living and for production are rising now and will continue to rise in the future, as government controls over prices are being lifted. The only way, therefore, in which the farmer can keep up with this increased cost will be for him to receive higher prices for his wheat and other products which he has to sell. This would enable him to put by cash reserves needed for repairs, take care of depreciation, and purchase modern farm equipment to enable him to meet world competition, which in the future will be very keen.

The hon. member for Rosetown-Biggar referred to difficulty regarding future world markets, and what has been done in the way of mechanization even in the British isles. If this government feels that Canada should make this great contribution—and I am sure we are all of one mind that we should assist the people of Britain—and if it should be done by way of this wheat agreement which is at present before us, why should the entire burden be placed upon the wheat producers alone rather than on all Canadian taxpayers?

Much has been said about the present "satisfaction" of the farmers of western Canada. This was emphasized by the Minister of Agriculture and by the minister for Rosetown-Biggar,—I mean the hon. member for Rosetown-Biggar. I am not sure whether he is going to be a minister right away, a colleague of the Minister of Agriculture, or not, though I have always had doubts about his being prime minister of the party over there. I have received several resolutions from farm gatherings in my own constituency. May I quote one of them? It is not an official farm organization, but it is a large gathering of farmers in the east end of my riding. I wish to read the portion which has a bearing on this subject:

> We also consider that the 12½ per cent raise in farm implement prices, which with increase of fuel and other costs to farmers is of serious national and even international concern. For fifteen years the agriculturists of the west have, through no fault of their own, seen their equipment deteriorating with replacements difficult to make, and now, at a time when such great appeals are being made to produce more food, the government allows rising production costs with no comparable income increases and no adequate assurance of any. The farmer has never refused to produce at a cost plus 5 per cent basis nor has he gone on strike. Therefore we feel justified in strongly urging the government to either insist on lower production costs to farmers through price control or else to bring produce prices up to at least the level of the United States farmer's returns.
>
> We also believe that outstanding wheat participation certificates should be settled for on the basis of $1.80 per bushel.

That was before the announcement was made as to the price which will be paid for the 1943 certificates.

> If Canada wishes to sell wheat at a price below that obtained by competitors, then all Canada should meet the difference in price, not force the farmer to make the donation.
>
> And further that copies of this statement be mailed to the Prime Minister, the Minister of Agriculture, and the member for Souris . . .

I will admit that there is a great difference of opinion about this agreement. I am also convinced that very few farmers understand the mechanics of the whole business. They have not realized that this twenty cents is held back over a five-year period, and while I think it is fair to say it is for the purpose of averaging the price if necessary, nevertheless it is held back, and in holding back this money many farmers under these conditions are forced to borrow every year for their operations and to pay interest on the money thus obtained. That is most unfair. With that twenty cents a bushel which is held back for that period of years, many of the producers are forced to borrow money and pay a fair rate of interest on it.

Much has been said about various editorials appearing in the Winnipeg *Free Press*. There has not been a more consistent supporter of the government throughout the years than the editorial page of that newspaper, and it points out that this is a great selling handicap. It points out that Canada's wheat problem is a selling problem, and has been throughout the years. This editorial of August 1 makes this statement:

> We require all the markets we can find and the largest attainable number of buyers. Therein lies security for our wheat farmers, and it follows that the most obvious course to avoid is to restrict our markets, to place our eggs largely in one basket.
>
> Consider the wheat agreement in these terms: Our average pre-war exportable wheat surplus was 250 million bushels per year. There is no reason to believe that this figure will be appreciably exceeded in the future.
>
> Of this total, the United Kingdom, on average, took 90 million bushels, continental Europe, 110 million bushels, the far east 5 million, others 45 million. These figures do not apply at the moment. This is a time of reconstruction after war and, also, a time of acute scarcity.
>
> It is a sellers' market and, as such, offers a great chance to rebuild our wheat trade on a broad and highly diversified base. Something much better than the pre-war diversity of markets might be achieved in the reconstruction period under freer conditions of trade and with a vigorous selling policy.

We have a concrete example of what is pointed out there in the embargo which this government placed in 1942 upon the shipment of beef cattle from Canada to the United States, and which continues. This was our natural market, and it has been banned for the past four years. In 1943 Mexico shipped to the United States 594,812 head of beef cattle for feeding and slaughter, and during the first five months of 1946 Mexico shipped 274,111 head of beef cattle to the United States. That is an example of what is happening to Canada at this time, and it might be paralleled with the wheat agreement.

Yesterday we discussed the bacon agreement, and in past years we have heard a good deal about the manner in which we were preparing a future market for Canada. But we have heard that Great Britain will take ninety per cent of Denmark's bacon at $5 per hundredweight higher than the Canadian contract. That is the statement that has been made, and there has been some further discussion in the house about the matter. The Minister of Agriculture has argued about weights—100 pounds or 112 pounds—and it is a debatable matter as it now stands.

With respect to the present Canadian-British wheat agreement, I suggest that this export price of $1.55 is at least 50 cents a bushel under the prevailing world price. This morning there was some discussion of what the world price was, but this at any rate is 50 cents below the United States price, and they are a great exporting nation. I am absolutely opposed to it, and I speak as an ordinary dirt farmer who has grown a little bit of wheat for many years. I am opposed to it on the ground that while lumber, farm implements and other manufactured goods are now exported from Canada at prevailing and rising world prices, this added burden on the wheat producer cannot be justified by anyone. I am also absolutely opposed to the government retaining the twenty cents a bushel of the export price for a period of five years, without any interest or without in any other way making good the difference to the farmer for the use of that money over a period of five years, if he ever receives it. Many farmers will find it necessary to pay interest on money they may borrow to carry on their operations throughout these years.

I am of the opinion that, as the Winnipeg *Free Press* has pointed out, this is a most incompetent way for the government to try to run the farmer's business. Certainly, if this government finds it necessary to assist Britain in this manner, the burden should be borne by all the taxpayers of Canada.

I should like to ask the Minister of Trade and Commerce whether anything is proposed for the purpose of holding down the export price of manufactured goods, lumber and other materials, as was done throughout the war years for the farm producer in the matter of wheat. I am sure that many farmers are misled. The pool officials themselves have been. When they said they wanted a contract of this type over some years they understood that the same deal would apply to the principal manufactured goods which the farmer finds it necessary to procure in this country. But that is not the case, because these other prices are rising daily in Canada and the result

will be that the wheat producer will find himself in an impossible position long before the contract is terminated.

If the minister thinks my remarks have not been proper, I would ask him why the government deems it necessary to retain the twenty cents a bushel for a period of five years. I would also ask whether any of the subsidy paid by the government to the millers for domestic flour applies to flour which will be sent over under the contract to Britain. If not, how is the difference arrived at? Will the minister be good enough to answer those questions?

Mr. CASTLEDEN: May I ask a question with regard to paragraph (b) on page 2 of the agreement? It is stated that for the last two years the prices as set are for the 1948-49 crop, not less than $1.25 for the last year, and not less than $1. I quote:

> The actual prices to be paid for wheat to be bought and sold within the crop year 1948-49 shall be negotiated and settled between the United Kingdom government and the Canadian government.

Has the minister any formula as a basis for the negotiations?

Mr. GARDINER: It is stated there, if the hon. gentleman will read further.

Mr. CASTLEDEN: It is stated that the actual price to be paid is to be a matter of negotiation. The prices of wheat to be bought and sold within the crop year 1949-50 shall be negotiated and settled not later than December 31, 1948. Then it says:

> In determining the prices for these two crop years, 1948-49 and 1949-50, the United Kingdom government will have regard to any difference between the prices paid under this agreement—

—And world prices. It simply says that they "will have regard". But is there any formula?

Mr. GARDINER: The hon. gentleman has not read the whole statement:

> In determining the prices for these two crop years, 1948-49 and 1949-50, the United Kingdom government will have regard to any difference between the prices paid under this agreement in the 1946-47 and 1947-48 crop years and the world prices for wheat in the 1946-47 and 1947-48 crop years.

That was to give expression to a matter that was fully discussed as between Canada and Great Britain, and we on behalf of the government—that is, the Minister of Trade and Commerce and myself—suggested that in view of the fact that Great Britain was going to get wheat at some margin below the world price in 1946-47, they should be prepared, no matter whether wheat is below or above $1.25 or even above $1.55, to take into consideration any advantage that they get by obtaining wheat at a low level during these first two years. Without any reservations whatsoever those with whom we were discussing it came right back and said, "That is absolutely fair. We would have no reason for refusing to do it, and we ought to do it." They put that in these words, in order to express fully their intention, and I am in full agreement with the leader of the C.C.F. when he says that our negotiations and dealings with the British, right from the beginning of the war, have been such as to indicate that anything they put in writing in this form will be carried out, either by the present government or by any other government that may be in power. I am quite sure that will be done.

Mr. CASTLEDEN: You admit they will take it into consideration, but no actual basis is set out.

Mr. GARDINER: No; the actual basis will have to be established in the light of the facts as they are at the time. Still I am satisfied that the British would say this: "If we got the wheat at 20 or 30 cents a bushel less than the world price during that period, certainly we are prepared to negotiate a satisfactory basis." I do not think they would say they would consider the difference to the extent of 100 per cent and go on that basis; it would depend on the number of bushels they were buying. One fact has been missed in all these discussions. On an average the British buy 200,000,000 bushels a year. This 160,000,000 bushels does not feed them; they buy 200,000,000 bushels a year to feed themselves, and this year it is proved, and shown by all the records that have been put out by the united nations, that Britain must have 195,000,000 bushels. Britain was insistent on buying 180,000,000 bushels from us. They were quite prepared to put that right in the agreement; but in the early stages of the negotiations we did not know whether we were going to have 180,000,000 bushels to sell them, so we said we did not want to put something into the agreement we might not be able to carry out, so as a result somebody might say we had broken the agreement. We got down to a figure representing the quantity we were certain we could supply. I think it is most difficult to anticipate that Britain, requiring 200,000,000 bushels of wheat and having purchased 160,000,000 bushels, is going to sell some of the 160,000,000 bushels that she has bought for $1.55 and buy some more at $2. I would begin to wonder about this hard trading of the British if they did that. Therefore I do not place very much importance in the argument which has been advanced along those lines. On this other point they have

definitely said, "We know we are getting the wheat at a lower price, in the first year in any case. We do not know what is going to happen in the second year." If we were to get a crop of 550,000,000 bushels, as it looked three weeks ago—I would say twenty-five per cent has been cut off since then—there is no doubt in my mind that the price of wheat would have gone down in the second year of this contract, not the third. All these conditions develop as we go along, and the British say that taking into consideration what may happen throughout the period of the agreement, if they get an advantage in the first two years they are going to take that into consideration in whatever price is negotiated for the last two years.

Mr. BRACKEN: May I ask the minister just one question about this 160,000,000 bushels coming from Canada and purchased by Britain? Will the minister say all that wheat will be consumed in Britain?

Mr. GARDINER: Well, I will not say all of it will be consumed in Britain, because I would expect that what was mentioned here this morning may happen again, and provision is written into the contract for it to happen. One of the objections to this contract was that the united nations may come along and say that Britain cannot have this much wheat, in order that someone else may not starve. It has been written right into the contract that if Britain desires to give up some of her wheat in order to feed somebody else, she can give it away if she likes. On the same premise she can sell it at a lower price than $1.55, or she can dispose of it in any way she sees fit in order to help feed the world. But when it comes to the question of Britain disposing of it just as a matter of making money, there is no way in which she can do that unless wheat goes away below what it is to-day.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. DIEFENBAKER: Mr. Chairman, I do not intend to repeat the arguments advanced this morning by the leader of the opposition (Mr. Bracken) or the hon. member for Souris (Mr. Ross), both of whom set forth clearly the position of the opposition in respect of this agreement.

May I say at the outset that having regard to the vast extent of the operations of the Canadian wheat board, the time has come for the board to give a full accounting of its transactions between 1937 and 1945. This is of general interest and of general demand throughout western Canada. So far no statement of the kind has been secured from the board.

In 1943 an action was initiated by Arthur Henry Oatway in Manitoba against the Canadian wheat board asking for an accounting in respect of certain years. Application to the courts was made on behalf of the wheat board that the action be set aside on the ground that no action lay as against the wheat board in that it was an emanation of the crown. The application was dismissed by the judge who heard the motion. The wheat board appealed to the court of appeal in Manitoba, and that court, by a majority of one, allowed the appeal and held that proceedings against the Canadian wheat board for an accounting could not be taken. An appeal was carried to the Supreme Court of Canada, at which time the government took an attitude which I think is totally inexcusable. An order in council was passed denying anyone the right to ask for an accounting from the wheat board. In other words that order in council assured silence in regard to what actually took place between 1937 and 1944. I say the time has come when a complete statement should be given—not an ex parte statement such as at the present time—by the wheat board setting forth in detail its conduct, and also subjecting itself and its officials to full examination.

There are various ways in which our wheat may be disposed of. I am surprised to see the change of attitude on the part of the government in adopting a bilateral agreement, because for the past several years the attitude of the government has been that multilateral agreements are the only salvation for world peace. As a matter of fact that was the principle behind the formation of the food and agricultural organization of the united nations. It was one of the main principles in the Atlantic charter, and of the united nations enunciated at San Francisco.

Another means of disposing of our wheat would be to build up in this country a population which will consume much of the Canadian wheat which to-day must be shipped to Europe if it is to find a market. Our position in western Canada is that we have to ship our wheat, bacon and other products four or five thousand miles to get a market among the millions of people in Europe and elsewhere. I believe the time has come when this parliament should face the issue, and that instead of our continuing to find markets abroad a policy of selective immigration should be instituted, thereby bringing a larger market to our own country.

I am not alone in that point of view. For Canada to follow the course which apparently she is following, the country being maintained for Canadians or the descendants of those who originally came here, is to make this country the target for any future aggressor nation. We are not developing the resources we have and we cannot develop them if we follow the present system of simply keeping within Canada the people who are here, subject to the present tremendous exodus of native-born Canadians to the United States. By continuing that policy the government will be making Canada's position such that aggressor-minded countries which have not ample supplies of food and natural resources will look to Canada with envious eyes.

We have the land; we have the resources to be developed. According to the Minister of Agriculture, speaking in February in Regina—and the government has been strangely silent about this matter since the beginning of the session—the solution for many of our problems would be for Canada to have a population sufficiently large to consume at least sixty per cent of our wheat crop. That was his statement in Regina, and he added that western Canada itself needs six million people more than it has to-day if it is to utilize the natural resources available for development.

The present situation in Canada demands an aggressive policy of immigration, strictly selective and controlled to the end that the numbers brought in here shall be able to maintain themselves and not put people in our country out of work. I know there are those who say we cannot have that to-day because of a lack of transportation. Well, sir, none of our ancestors came over on the *Queen Mary*. They came on whatever ships were available, and people are willing to come to-day, however lowly the ship facilities, from all parts of the world, good citizens, to help us solve a problem which can be solved only if we have a larger population.

The CHAIRMAN: I do not wish to restrict the hon. member too severely, but I must remind him that we are discussing an item in the estimates of the Department of Trade and Commerce dealing with wheat. I do not think there should be at this time a general discussion on immigration.

Mr. DIEFENBAKER: No; I was only offering an alternative suggestion to the agreement, which I must point out, sir, is not receiving the approval of western farmers to the extent we have heard in this debate—if the attitude of the farmers in my constituency is any criterion of the opinion of farmers generally throughout the west. What I have been offering is an alternative to the agreement, an alternative which would have the effect of building up this country on the strong and firm basis of a home market which would consume a large proportion of our production. You have ruled, Mr. Chairman, that I may not discuss this alternative. You are always fair and I shall abide by your ruling and will deal with immigration on another occasion at greater length.

As I said a moment ago, multilateral agreements among the nations of the world was the basis of the food and agriculture organization of the united nations, and yet Canada is the first nation to depart from the principle we accepted at San Francisco, namely, multilateral rather than bilateral agreements so that discrimination, unfairness and potential economic warfare shall not come to the world again.

So far as this agreement is concerned I would repeat the criticisms of the hon. member for Souris set out in the most able and constructive address he gave to-day, and I should like to add to them. The agreement is unfair to the Canadian farmer; it is unfair to the producer. It is said that by selling now for fifty cents per bushel lower, after a period of years we shall have built up a credit in gratitude and as a result the nations favoured will grant higher prices when commodity prices and the wheat prices come down. That is the excuse that is given to-day. Again I should like to quote from the Winnipeg *Free Press*, which has always had the ear of the government. It gives the reason as follows:

> The Canadian farmers are being denied the going price not in behalf of British consumers but because of domestic price control.

In other words, the excuse is that we are going to help Britain; the reason is that the government is endeavouring to maintain price control here in Canada.

Mr. MACKENZIE: Both are good reasons.

Mr. DIEFENBAKER: Both are good reasons, says my hon. friend, but the government has not taken both; it has taken only one of them. There was some comment to-day in regard to my leader having in any way suggested that Britain had ever been untrue to her responsibilities or to her pledged word. An attempt was made by the leader of the C.C.F. to castigate the leader of the Progressive Conservative party for taking a stand against Britain. I say to you that this party has not had to make any apologies, since 1939 or before, for its attitude with respect to Great Britain. When my hon. friend castigates the leader of the opposition he seems to forget, and I know many of his own friends did

not follow him in this viewpoint, the enunciation of the policy of the C.C.F. party which was made on September 9, 1939.

Mr. CASTLEDEN: By whom?

Mr. DIEFENBAKER: My hon. friends do not want me to deal with that, I presume, but I would refer them—

Mr. CASTLEDEN: Just deal properly with it.

Mr. DIEFENBAKER: I will deal properly with it. Perhaps I can put the record straight. I should like to quote from page 55 of *Hansard* of September 9, 1939, where the policy of the C.C.F. party at that time is set forth. My hon. friend has cast aspersions at the head of this party when he used words to this effect: Where do you stand with reference to Britain? My answer: We stand to-day where we stood in September, 1939. Here is the record, and I quote from page 55:

> In further detail the Cooperative Commonwealth Federation places the following constructive proposals before the house, as the Prime Minister (Mr. Mackenzie King) asked hon. members to do when he spoke yesterday. These are:
>
> 1. Economic assistance: Canada is well fitted to make an important contribution through economic assistance. However, in the interests of Canada's economic future and for the protection of her people, the expansion of war industries must be strictly controlled. Moreover, such economic assistance—

Mr. WRIGHT: On a point of order, has this anything to do with the wheat agreement?

The CHAIRMAN: I do not think the discussion should go too far, but this morning the leader of the C.C.F. group referred to this matter and I think at least one member of the official opposition should have the right to reply.

Mr. DIEFENBAKER: It is all epitomized in four paragraphs, and it will not take long. I quote:

> Moreover, such economic assistance should be conditional upon immediate steps being taken to place the burden upon the shoulders of those best able to bear it.
>
> 2. Defence of Canada: Reasonable provision should be made for the defence of Canadian shores. Volunteers for home defence should not be required to sign also for overseas service. This practice, now being followed, is unwarranted and should be abandoned.
>
> 3. No military participation overseas: Any attempt to send a force abroad would rob us of the man-power necessary for the defence of our shores and for home production, would gravely endanger national unity, would threaten our civil liberties and democratic institutions, and would ultimately lead to conscription.

That was the policy of the party. I do not think I will read any more, because—

An hon. MEMBER: Read the rest.

Mr. MacINNIS: Read the rest. You have the floor in order to put in your case. This is not a court of law; this is not a police court.

Mr. DIEFENBAKER: It is a strange thing that when my hon. friends cast aspersions on this side of the house they object to being answered with the truth.

Mr. MacINNIS: We should have all of it.

Mr. DIEFENBAKER: Now that I have clarified that situation, let me proceed.

Mr. MacINNIS: All of it.

Mr. DIEFENBAKER: I have no objection to reading more, because it is not very long. There are only three pages. My hon. friends apparently have forgotten it. I have referred them to the pages, and they can look them up. They will find them intensely interesting after the lapse of some years. It will be remembered that this morning the leader of the C.C.F. said that realism demands on occasion a change of viewpoint—and I thought, with what authority he spoke! Having answered his criticism, may I return once more to the agreement.

Mrs. STRUM: We did not change our name, though.

Mr. DIEFENBAKER: I did not hear the interruption, so I cannot answer it. In the future this agreement may well cause antagonism between the mother country and this country. If prices are higher than $1 or $1.25 at the end of three or four years and negotiation is proceeded with to determine a price and the price is finally concluded at $1 or $1.25, a price below the then world price, then there will be ill feeling among the producers of this country. On the other hand, as my leader pointed out this morning, if world prices are lower than the minimum prices having to be accepted by the United Kingdom, there will be a feeling of resentment by the other party to the agreement.

We must guard against the arousing of international antagonisms through bilateral agreements, and at all costs against potential antagonism between Canada and the United Kingdom. Can we complain that Denmark has taken a large share of our bacon market in the old country through a bilateral agreement with Britain when we ourselves are discriminating against other nations by making this bilateral agreement? Is it any wonder that Mr. Strachey, the British food minister, said in reference to the agreement with Denmark:

> We have had to ask for tolerance and understanding from our dominion suppliers.

Canada gave the lead in bilateral agreements, and now we are starting to reap in this country, in the agreement with Denmark respecting bacon, what we have sown under this agreement.

Can there be any justification for Britain receiving under this agreement some 57,000,000 bushels of wheat more than she ordinarily purchases from Canada, and having it for sale, as was pointed out by the hon. member for Souris, being able to place that wheat in competition with Canadian wheat on the markets of the world? If there is to be a subsidy in favour of the mother country—and I am not raising any objection to that at the moment; if Britain is to be permitted to purchase wheat from us at 50 cents a bushel less than the world price, that subsidy should not be placed on the shoulders of our wheat-producing farmers but on the people of Canada as a whole.

I come to another criticism, and this was referred to by the hon. member for Souris. Is there any excuse whatsoever for the wheat board retaining twenty cents a bushel of the farmer's price this year for a period of five years and holding it undistributed, without interest—just holding it back from the farmer as it has been held back for the last few years? It is in effect a forced loan to the government from the farmers of this country who are producing wheat amounting to approximately $108,000,000. This twenty cents a bushel which is being held back by the government should be placed in a trust account, and out of it should be evolved a system of crop insurance to the end that there will be available to the farmers of this country legislation for which they have asked for so many years.

Finally, the prices in 1948, 1949 and 1950 of $1.25 and $1 a bushel will, if past experience recurs, become the price at which wheat will be sold at that time, even though but for this agreement the price determined by the world price would have been higher. As was pointed out by the leader of the C.C.F. party and my hon. leader, the prices of $1 and $1.25 three or four years hence are just guesswork, with no regard to prices being on the rise for the things the farmer has to buy and no regard for parity prices in a period of two or three years.

The minister may ask, how are we going to look ahead that far? I understand that in the Department of Reconstruction and Supply, and in his own department too, quite a collection of experts have been working for some time, more or less drafting the future and indicating what may be expected by industry, agriculture and the like, so that they will be able to anticipate for a considerable period in advance what prices will be for commodities and what supply of commodities will be available.

Those in the main are my criticisms of this agreement. I am bound to say that our criticism at this time is almost meaningless and futile, because we are handed a completed fact, an agreement that was not the result of cooperation between the government of Canada and the great wheat producers of this country or their representatives, but an agreement that was entered into at the request of the Canadian government and not at the solicitation of the British government. Only the other day I read that Mr. Strachey, I think it was, said that the agreement was not consummated as a result of the request of the British government but that the Canadian government gave the lead.

Let me say this in conclusion with regard to bilateral agreements. The Canadian federation of agriculture has opposed this type of agreement. Bilateral agreements cannot but lead to the arousing of antagonisms amongst other nations. It is in direct conflict not only with the Atlantic charter but with the whole framework of the united nations organization. The Canadian government and the minister, himself a tribune of this house for multilateral agreements, have become the first to return to economic nationalism and to the type of agreements such as this, which culminated in the last war.

Mr. MACKENZIE: Memories of 1932.

Mr. DIEFENBAKER: Memories of 1932, if they be memories. But they have been forgotten by the government in this legislation.

Mr. MACKENZIE: They have been forgotten by the opposition.

Mr. DIEFENBAKER: If the experience of the past has been that economic nationalism causes wars, and that it was the economic warfare of the nineteen-thirties that resulted in the breaking down of the entire system throughout the world, surely the government has had sufficient warnings of what will take place if principles such as this again become the means whereby nations endeavour to make themselves economically independent. My hon. friend says 1932. Yes, times change.

Mr. GRANT: I guess so.

Mr. DIEFENBAKER: I cannot hear these interruptions from Prince Edward Island. We have had another war since 1932, and we are not the only ones who are warning the govern-

ment at this time, because a great paper such as the Winnipeg *Free Press* which nearly always gives the closest allegiance to this government, has pointed out the difficulties in an editorial in the August 13 issue. The editorial ends with these words:

But abandoning the struggle—

That is the struggle of multilateral agreements among the nations of the world:

But abandoning the struggle because it is difficult is a confession of failure and a counsel of despair. For there is no lasting solution elsewhere. Bilateralism, in wheat as in everything else, is a mirage.

That is the view of the Canadian federation of agriculture and of other agricultural organizations.

Mr. MACKENZIE: That is what we said against the Tory party in 1932.

Mr. GRAYDON: That is before you joined the communists.

Mr. MACKENZIE: No, sir.

Mr. DIEFENBAKER: I should like to refer to the new alliance but I really cannot bring that in in this debate.

Mr. TUCKER: Why stop at that? You have brought in everything else.

Mr. DIEFENBAKER: That is another bilateral deal between the ministers and my hon. friends in 1945.

Mr. TUCKER: You objected when we started putting them in gaol.

Mr. DIEFENBAKER: But that is not the kind of bilateralism we are dealing with at the present time.

Mr. TUCKER: Why did you defend them so much when we had to put them in gaol?

The CHAIRMAN: Order.

Mr. MACKENZIE: "Consistency, thou art a jewel."

Mr. DIEFENBAKER: I always find that my speeches are interlarded with interruptions, made so low that I cannot hear them and therefore cannot answer them. But at the moment I am dealing with this agreement. I suggest that this agreement is unfair internationally to other nations; it has in it the germ of difference and antagonism as between nations. It is unfair as well to the farmers of this country, who are being asked to provide subsidies at their own expense instead of at the expense of the people as a whole.

Mr. ARGUE: I am not following the course set by the hon. member who has just taken his seat. I shall try to talk on the wheat agreement, which I think is the subject before us this afternoon.

The hon. member for Lake Centre made the argument that we shall probably have difficulty in exporting our wheat in the future, and that one of the best ways to find a market for Canadian wheat available for export is to bring immigrants into Canada, and so have a market here. He went on to quote what the Minister of Agriculture said in Regina. According to that quotation, apparently the Minister of Agriculture advocated that we should have six million immigrants. But we need each year to export something like 280 million bushels of wheat: twelve million people in Canada to-day consume 60 million bushels; another six million would consume an additional 30 million bushels; and we could still have 250 million bushels of wheat that we would have to find a market for. If we want to bring to Canada sufficient people to eat all the wheat we can grow here we would need to have at least another fifty-six million immigrants, and I do not believe that even the hon. member for Lake Centre would advocate immigration to the extent of an additional fifty-six million persons.

The hon. member went on to say that this was a bilateral agreement and as such was an impediment to multilateral agreements being consumated in the future. I should like to read part of clause 7 of the agreement, which states:

Having in mind the general purposes which this agreement is designed to serve, the two governments have agreed that its terms and conditions shall be subject to any modification or amendment which may be necessary to bring it into conformity with any international agreements . . .

No one in this house has questioned the integrity of the British government or the Canadian government in making this agreement, and the agreement states that it will be moulded in the future to any multilateral agreements which may be made.

I agree with the leader of this group (Mr. Coldwell) who stated that we in this party welcome the agreement. In my opinion if it is the best possible agreement the government could make under the circumstances, then it is all that any reasonable person can expect. The guaranteed price for wheat in the last year of this agreement is $1 per bushel. I am not going to try to prophesy whether wheat is likely to fall to that amount, but everyone in this house knows that a dollar a bushel is not sufficient for the Canadian farmer, and if in the future we are going to base the Canadian domestic price wholly or mainly on the price we

receive for wheat on the markets of the world, I am certain that we shall soon get back to a dollar a bushel. If we are to find and maintain markets for Canadian exports of wheat we must be willing and able at all times to receive sufficient products to give the nations that are buying our wheat enough Canadian currency to pay for it. International agreements for food commodities, even if they cover the available supplies of all commodities for export, are doomed to failure if the exporting countries are not prepared to take imports from the countries which are buying those exports. So, if we are to have international trade as a two-way stream, it is not only necessary that agreements be made as the agreement with Britain has been made, but the government must follow a policy of increasing continuously the well-being of the Canadian people so that we shall always have a standard of living sufficiently high to be able to purchase the imports which other nations wish to send us in exchange for our wheat.

In 1943 the initial price for wheat was set at $1.25 per bushel. Since that time partcipation payments are being made to the extent of twelve cents a bushel, making the price for the 1943 crop $1.37 per bushel. For the 1945 crop farmers received an initial payment of $1.25; they are to be given another ten cents. The price for wheat sold in 1945, apart from any payment which may be made at the end of the 1949 crop year, will be $1.35 per bushel. The price which the farmer is guaranteed for 1945 is two cents a bushel less than the price he received for 1943. The cost of producing wheat in the year 1945 as compared with 1943 had certainly gone up. The Minister of Agriculture told us this morning that this spring, before the increases in costs took place, a parity price was $1.41 or $1.42 a bushel. Since that time the cost of living to the farmer, the costs of things he has to buy which go into his production, have been increasing tremendously. The cost of living index from March to July jumped five points. Gasoline within that time went up two cents a gallon, machinery went up 12½ per cent, a host of other commodities have risen in price, and prices continue to rise. According to the financial experts of the government, who should know, we are still in a period of inflation, and there is going to be more inflation. I say therefore that if the farmer is to be guaranteed stable real income his prices must be adjusted from time to time as the costs of production change. It would seem to me that $1.55 is a reasonable and fair price at this time. I would say, too, that price should be adjusted as costs to farmers change from time to time.

Mr. FLEMING: Does the hon. member mean that if costs of production to the farmer decrease he would advocate a reduction in the present price under the agreement to the farmer for these two years?

Mr. ARGUE: What the Canadian farmer wants is a high level of national income; he wishes, out of that high level of income, his fair share, and if his costs go down to the extent that if he received a previous price he would be getting more than his fair share of the national income, the farmer would agree, and I would agree, that his prices might be adjusted downward as the costs to him decreased.

Mr. FLEMING: That does not answer the question.

Mr. ARGUE: That answers the question, I believe. I want to take a few figures based on what I consider reasonable assumptions. The figure $1.55, in my area, would bring a price of something like $1.35 to the farmer. The average size of farm in my district is 325 cultivated acres; the number of acres of field crops is 204 on the average. The average yield is eleven bushels of wheat, which would give the farmer each year on the average 2,244 bushels. If one takes 244 bushels as a reasonable amount of seed for seeding 204 acres the farmer has 2,000 bushels of wheat to sell. If he gets $1.35 at the elevator he has $2,700 to provide for all the expenses of farming, which include machinery, gasoline, interest and taxes and depreciation, and also the cost of maintaining his family. I say that $2,700 as a gross income is not too high.

Mr. TUSTIN: Do you think that is high enough for 325 acres?

Mr. ARGUE: I am not saying that is necessarily high enough, but surely it is the lowest average that should be tolerated. During this session, in another part of the building, I have heard it said that a worker needs $1,750 a year as a basic minimum. I have not yet heard anyone say that is too high. I say then that if $1,750 is a reasonable basic minimum for workers, below which none should be allowed to go, $2,700 gross income is certainly a very reasonable average income and one which farmers should have as of right, because that figure means, the way averages work out, that most farmers will get even less. That is, the average farmer would get, if the price of wheat were at this time $1.55 a bushel, the gross income I have indicated.

Our national income was running at eleven billions or eleven and three-quarter billions at the peak of wartime production, which on the basis of the 1941 census gave an average income per capita in Canada of about $1,000. The cash income of farmers in 1945—and there were 3·15 million persons engaged in agriculture—the total cash income, I say, was $1,685 million or a per capita cash income for people living on farms of $530. The average income in Canada is $1,000. The average cash income for farming is $530, and out of that $530 the farmers of Canada have to pay all expenses of producing the products they sell. The net income in 1945 of 3·15 million people engaged in agriculture in Canada was just a little over one billion dollars. The average per capita net income was $330 for people engaged in agriculture. Surely any reasonable person, and in this I include most members sitting opposite, will agree that $330 per capita net income for farmers is too low with an average national income, I repeat, of $1,000.

I welcome the wheat agreement. I think it provides a start for the making of international agreements when there is in the agreement a clause which provides that the agreement will be made to conform to international agreements. In view of the costs to farmers, which have increased this year, I, along with the united farmers' organization, Saskatchewan branch, say that $1.55 is the lowest price that should prevail at this time. Further, I say that if costs increase next year, as it appears they will, then next year that price should be adjusted upwards to take care of the increased costs.

Mr. TUCKER: I do not intend to detain the house more than a few minutes, but I think I should say a word in regard to the wheat agreement. I too have been in the west and I was surprised at the apparent unanimity of approval of this agreement among the people to whom I spoke.

There is one thing I should like to say at the very outset, however, before I discuss the agreement itself. I am repeating what I have said on more than one occasion and also the representations I have made to the government from time to time. I think that consideration should be given to raising the price at which the wheat board sells wheat to the domestic millers for domestic consumption from $1.25 to $1.55. I feel I cannot urge the government too strongly to give consideration to that change being made at the very earliest possible date.

I wish also to say a word in regard to the argument that there is inflation at the present time, that there will be more inflation, and therefore there is no use in trying to introduce any element of stability into the situation. That argument carries my mind back to the period after the first great war when there was a time of uncertainty and inflation very much the same as has followed this second great war, the period in which we find ourselves today. At that time prices were rising and the same argument was heard—that wheat prices should be permitted to go almost sky high, and that it was in the interests of the farmers that they should do so. Then we went through that period. Those of us who were interested in farming in western Canada at that time came to believe, and I am sure the committee will agree with me, that the fact that prices to the farmer were permitted to go sky high and out of control actually injured the farmer in the long run more than it helped. It caused the prices of the things he had to buy, land and everything else, also to rise. He went into debt on that basis; then when prices dropped he was left in an almost bankrupt position, because he had been misled by what had happened during the period when prices went out of control. I think if we are not careful we may be in for a somewhat similar period soon, though I hope and think it will not be as bad; but after that movement takes place, if it does, there will be another reversal.

It seems to me what the farmer wants is not that sort of thing, but a certain measure of stability. That is wanted not only by the farmers but by the whole world. My mind goes back to the nineteen thirties, when the prices of primary products the world over, wheat, wool, meat and so on, went down to ruinous levels. Some people thought that would help the consuming countries of Europe, but that was not their experience. The very fact that their customers were getting ruinous prices for the goods they had to sell meant that their markets for manufactured goods were destroyed. For example, I am sure one of the things which greatly contributed to the rise to power of Hitler was the fact that Germany's markets abroad were destroyed, unemployment was created on a large scale, and those unemployed men found themselves in the nazi party.

I had the privilege of attending the international monetary conference at Bretton Woods in 1944, where I had a chance of talking to the representatives of Great Britain, for example, in regard to their attitude toward cheap wheat, cheap wool, cheap meat and so on. Their attitude was that they did not want that situation to occur again; that when the primary producing countries of South America, Australia, New Zealand and North America could not get reasonable prices for their products it had a ruinous

effect upon the export manufacturing industries of Great Britain itself. So there was general agreement that what the world needed was international agreement to provide some stability of price levels; and in this wheat agreement we are just recognizing that feeling and trying to fit ourselves into that general world picture.

I should like to read to the committee from article VII of the resolutions of the international monetary conference in regard to that matter, because I think we cannot give too much attention to this trend in world affairs looking to security and stability for the workers and farmers of the world. Here is what it says:

Whereas, in article I of the articles of agreement of the international monetary fund it is stated that one of the principal purposes of the fund is to facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the developmennt of the productive resources of all members as primary objectives of economic policy;

Whereas, it is recognized that the complete attainment of this and other purposes and objectives stated in the agreement cannot be achieved through the instrumentality of the fund alone; therefore

The united nations monetary and financial conference recommends:

To the participating governments that, in addition to implementing the specific monetary and financial measures which were the subject of this conference, they seek, with a view to creating in the field of international economic relations conditions necessary for the attainment of the purposes of the fund and of the broader primary objectives of economic policy, to reach agreement as soon as possible on ways and means whereby they may best:

(1) reduce obstacles to international trade and in other ways promote mutually advantageous international commercial relations;

(2) bring about the orderly marketing of staple commodities at prices fair to the producer and consumer alike;

I emphasize that:

. . . bring about the orderly marketing of staple commodities at prices fair to the producer and consumer alike.

The remaining two paragraphs have no relevance to the matter I am discussing, so I shall not read them. I admit that when I see a great Liberal newspaper like the Winnipeg *Free Press* finding some difficulty in approving this agreement, knowing its devoted attitude toward true Liberal principles I find myself somewhat concerned, and I would cite this agreement of the nations of the world, meeting in international conference, to that newspaper for consideration. I submit the decision of that conference was that one of the primary purposes of the nations of the world should be agreement to bring about the orderly marketing of staple commodities such as wheat, beef, mutton, cotton, wool and other commodities at prices fair to the producer and consumer alike. In other words, Mr. Chairman, there is a spirit abroad in the world to-day, a feeling of live and let live; that if you want to prosper you must let your neighbour prosper; that if the manufacturer is to prosper he must let the farmer prosper as well, in order that the farmer in turn may provide a market for his manufactured products. If Britain is to prosper in her exports of manufactured goods, she must let New Zealand, the countries of South America, Canada and the other primary producing countries prosper in order that they in turn, with a high standard of living, may make use of her manufactured products; and that applies equally to the other manufacturing nations of the world.

I submit that is the basic idea behind this agreement. It is not a bilateral agreement in the old accepted meaning of the term. A bilateral agreement used to mean that if you took from one nation $100,000,000 worth of goods, that nation in turn would take from you $100,000,000 worth of specified goods. That tended to channel the trade of the world between two countries. There is nothing like that about this agreement. This is simply an out-and-out agreement on the part of Great Britain to take so much wheat each year for a period of four years, that there shall be a price of $1.55 for the first two years of the agreement and that for the following two years there shall be a minimum price, but that the actual price shall be negotiated having in mind the relationship which $1.55 had to actual world prices at the time it was being paid. If the English language means anything, that means that if the world price during the first two years of this agreement is higher than $1.55, the British, who are people of their word, will agree to give us a fair price above the world level during the last two years of the agreement. Was that not the basic idea behind the establishment of the great wheat pools of western Canada? At that time the idea was that the pools would take the wheat and get the best average price for the year, and then distribute that price to the farmers. In other words the feeling was that in the fall, when the farmer marketed a great deal of his grain, there was a tendency for the price to fall and that after he had sold his grain there was a tendency for the price to rise. So it was felt that if one organization took the grain, then the farmer could get the average of the prices throughout the year, and he would not have to worry about trying to sell his grain at the highest price.

This, Mr. Chairman, is just an extension of that idea. This is an attempt to bring about stability, not for just one year at a time but for five years at a time. It was argued this morning, and perhaps well argued, that we might get a higher price for wheat this year and that therefore we should try to get that higher price and not worry about the future, because after all what is the use of worrying about the future since you cannot be sure about it? Well, that is a policy of negation and defeatism. It is a belief that we cannot do better in the future than we have done in the past. This agreement is a venture of faith that, by international agreement, we can do better in the future than we did in the past; that we can introduce an element of stability in regard to the position of primary producers throughout the world, including our own. It introduces the idea that if we can make the primary producers prosperous, then the working people also will be prosperous. Surely all the experiences and hopes of the past are not now to be laughed away and frustrated by saying we must go back to the old ideas of the past, based on the belief that we cannot do any better.

As I said, this agreement is a venture of faith that we can go forward to greater stability, greater fairness to the primary producer. And it is not an exclusive agreement. If there should be any possibility of an international agreement, the very last clause of this document makes provision for the modification of this agreement in accordance therewith. All it means is that we have established one more foundation-stone of stability for the next four or five years—in regard to wheat.

Upon that example, Mr. Chairman, let me express the hope that other primary producing countries will make similar deals with other consuming countries which will provide reasonable prices and reasonable stability in respect of primary products; that upon this basis we may establish stability and a high standard of living for primary producers the world over so that in turn we may also establish a high standard of living for the workers throughout the world. On this basis also we may put to work our tremendous producing power and raise the standard of living of the people throughout the world, and thus do away with the hatreds, the jealousies, the attempts of one country to profit unduly at the expense of another, which helped bring about the last war. This agreement, I think, is just one step along the path mankind must follow toward the goal of living and letting live, agreeing together and trying to help one another, and for that reason I support it.

Mr. CHURCH: I should like to say a few words in connection with this matter, because for many years in this house I have advocated a proper system of protection for the grain growing industry of this country. Everyone wants to see the farmers on the prairies get a proper price for their wheat. I should like to refer briefly to what I said on this subject in the past. To-day we are facing a very acute situation with regard to this industry. Years ago my friends of the Liberal Progressives, as they were then, now the Liberal party, believed that this was an all-American industry, or a north and south industry, and not Canada's greatest imperial industry. Let me refer to what I said in this house on May 5, 1924. That is a long time ago, but at that time the farmers of the west had given their support to a party that believed in free trade as far as this industry was concerned, whereas in fact it is the most imperialist industry we have in Canada in dealing with our best customer. As I have said, I want to see them get the best price they can, but do not forget that in 1938 I proposed that a system of underground grain storage reservoirs should be built in Britain, so that when I saw the war sure to come we would have most of our exportable surplus over there. I also wanted to get for our farmers the highest price given for our hard wheat and prevent its being bootlegged with America's course grain, and as a result our growers would get the highest price in the world.

What happened? The hon. gentleman who preceded me came into the house a few years ago. He was a great advocate of free trade on the prairies. If the people of Saskatchewan want to do something now for the grain industry, let them give fifty per cent free of the 200,000 bushels of wheat Britain must have to-day as an appreciation of Britain as our best customer. Let them give it to Britain, so that bread rationing there will not be necessary. The Minister of Agriculture is about to go over to the old country, and when he goes there I hope he will forget all about this business of free trade, which never did anything for the man who grows the crops on the prairies, the dirt farmer as he was called by the Drury government in the old days. This is what I said back in 1924:

> The best friend of the western wheat grower is the policy of protection, as that policy has been and should be extended and administered by the founders and soldiers of the national policy, the Conservative party of Canada. The

western wheat grower has eaten the sour grapes of free trade. No wonder the western wheat growers' teeth are set on edge. The western wheat grower has taught himself to believe, or has allowed so-called leaders to persuade him, that wheat growing in western Canada is a continental industry, an industry that must prosper by reason of the admission of the product to the United States market or perish because of its exclusion. I submit that wheat growing in western Canada is the most truly national, the most widely imperial of all Canada's great industries. The markets of the British Empire mean more and the markets of the American section of the North American continent mean less to the wheat growers of Canada than to any other class of Canadian producers. . . .

Progressive Liberals or Liberal Progressives profess that they are the best friends of the western wheat grower. They insist that their quack medicine of free trade is a sure cure-all for all the ailments of the western provinces.

I went on to say:

Ontario has not yet recovered from four years of free trade preaching and blue ruin prophecy. . . . Ontario sent the Ontario end of the Progressive party about its business. Ontario has learned that a few months will not suffice to bring back the business opportunities that were driven away. . . .

Then I continued, May 5, 1924:

I wish now to deal with the wheat growing industry showing that its future depends on adequate protection, that it is not a continental but the most imperial of all our industries, and that protection is the best friend of the wheat grower, and the day will come when he will see it . . .

I believe in free trade only to the extent, I repeat, that if I had sat in the last parliament I would have tried to prove myself a free trader, when the hon. member from Marquette (Mr. Crerar) without protest or let or hindrance from the Progressives and the other sort of Liberals, proved himself a protectionist . . .

But the Union government honestly tried to protect the western wheat producer against the big interests. The western wheat producers have fulfilled in their experience with the hon. member for Marquette and his followers in this house the words of scripture, "A man's foes shall be they of his household." The worst enemy of the western wheat growers is the policy of the Progressive party, its leaders and its representatives in this house.

Later I went on to say:

I plead for a departure from this free trade law of supply and demand and acceptance of the principles of the old national policy in our dealings with all provinces from Yukon to Prince Edward Island.

That national policy would benefit farmers and industrial workers alike. The industrial workers are the forgotten men by this house in 1946, and an industrial relations committee has been meeting here for weeks to give them the protection to-day for which I pleaded in those days. I went on to say:

I plead for a departure from the free trade law of supply and demand and an application of the principles of the old national policy to other industries in this country from the manufacturing of agricultural implements up to wheat growing. Leave the wheat growing industry of the west to the workings of the law of supply and demand and that law would not fill the west with wheat growers. If that law did fill the west with wheat growers, wheat would not be worth 50 cents a bushel.

And not long after that it went down to 38 cents a bushel.

The free trade law of supply and demand now costs the wheat grower of the west $25,000,000 per annum. I am advised, and believe, that free trade conditions supported by those free trade organizations, the grain exchanges, keep $25,000,000 per annum out of the pockets of Canadians who raise high quality wheat, and put that $25,000,000 per annum into the pockets of the native and alien exploiters who handle high grade Canadian wheat. The Progressive and non-Progressive sections of the Liberal party support grain exchanges and oppose grain inquiries. That party or those parties would sooner talk about agricultural implements than to try to protect the wheat growers of the west by a departure from free trade conditions. The only cure for these free trade conditions is a return to the ideals of the national policy, the application of the principles of protection. Free trade conditions have failed to maintain the identity of Canada's high grade wheat from the point of production to the ultimate market for that wheat.

At that time the Prime Minister rose in this house and announced the appointment of a royal commission headed by Chief Justice Turgeon. I need not read the report of that commission; it speaks for itself, but it will be found that all the statements I made at that time with regard to the bootlegging of course grains on the Atlantic seaboard in America were founded upon fact.

That great imperial newspaper the Toronto *Telegram* spent a lot of money in telling the people of the prairie provinces and the people of Ontario that this was really a national industry, that instead of being a north and south industry it was an east and west industry over to Great Britain and our allies and the markets of the world. What has been the result? From the time that commission was appointed they have set up eight or nine or ten different forms of protection during the past eight years or more, and the chickens are coming home to roost.

In conclusion I want to say that I hope that this matter has not been forgotten. Four or five days have been devoted to this but not one day has been devoted to the protection of the industrial worker. The only government that did anything for the white-collared people and the industrial workers was the Bennett government which set up the price spreads inquiry in 1933, 1934 and 1935. We are here to-day to fix the price of wheat and grant all kinds of protection to it in prices, although the actual price is set by world conditions.

Efforts should be made to hold our best customer, Great Britain. When the government saw the war coming in 1936, 1937 and 1938 they should have taken some action and little has been done since then. Hon. members will recall the time when a man with 400 acres was given an acreage bonus not to sow 200 acres. There were all forms of protection. I had a list of them in a return but I shall not read it.

The people of the prairies were responsible for the condition of the grain growing industry in the past; they are responsible for its condition at the present time, and they will be responsible for its future condition if they do not hold on to their best customer along the lines I have indicated, the mother country. We have had a great number of grain inquiries. Instead of taking up four or five days of the time of the house toward the end of the session, I think this was really a function earlier in the session for the agriculture committee. That is a splendid committee. We have many able men in the house from farming communities. I plead with hon. members to do something to restore public confidence in our best customers in the old land, Great Britain, France and our allies in the last two wars. This can be done by adopting reasonable protection for this great industry.

Mr. FAIR: When speaking on this matter yesterday afternoon I asked the Minister of Trade and Commerce whether any commission was paid to brokers or commission merchants, and this morning he made a reply which to me was not very satisfactory. The minister stated that some commission was paid by the purchaser but that it did not affect the farmer directly or indirectly. In my opinion that is not quite correct because I think you will find the purchasers will reduce the price they pay by the amount of commission paid to the brokers.

At the present time 160 million bushels of our wheat are being sold to the British government for the next two years, and 140 million bushels for the succeeding two years. There is no excuse in the world for keeping the commission merchants in Winnipeg or anywhere else on the dole by paying commissions on these deals. This is a deal between departments of governments or boards set up by governments in two different countries. I can see no reason for subsidizing these fellows as has been done in the past at the expense of the grain growers.

Mr. MacKINNON: That is not being done.

Mr. FAIR: No commission whatever is being paid to them.

Mr. MacKINNON: Not by the wheat board or by the government in any way. The purchaser does pay the exporter a commission.

Mr. FAIR: Does he pay anything to the Winnipeg men?

Mr. MacKINNON: Oh, yes, the men he employs in Winnipeg.

Mr. FAIR: I do not think the farmers of this country should be penalized any longer. As hon. members know, on previous occasions I have introduced bills to close the grain exchange altogether. The bill that I introduced this session was sent to the agriculture committee, but because a number of other committees were sitting it was not possible to have the bill dealt with this year. I gave notice that if the bill was not dealt with this year I would introduce it next session, and that is still my intention.

I am not particularly concerned with the percentage of commission that is paid on these deals, but I am concerned over the grain exchange being allowed to operate. The way prices have fluctuated in the past has meant that the farmers were robbed, and I feel satisfied that the same thing will happen in the future. As an illustration I should like to refer to what has happened in connection with rye. On July 30 the price of cash rye in Winnipeg was $3.04 per bushel, but by August 10 the price had dropped down to $1.89½ cents per bushel.

Mr. BRYCE: That is just when the farmer is selling his grain.

Mr. FAIR: As the hon. member for Selkirk says, that is when the farmer is selling his grain. That is a drop of approximately 38 per cent. The farmer is robbed of that difference in price, but of course the fellows on the grain exchange make their commissions regardless of the price at which it is sold. I think it is a crime; it is just a steal from the farmers. If there are any representatives in the house of the grain exchange or the northwest millers association I should like them to convey that message to those organizations. Until this legalized steal is stopped I intend to continue to introduce bills to close the grain exchange in order to make these members get out and go to work.

Mr. WRIGHT: I should like to ask the minister a question along the lines of that asked by the hon. member who has just spoken. We have a crop in prospect this year of anywhere from 450 to 500 million bushels of wheat. We are providing for a sale of 160 million bushels to Great Britain. If we allow 90 million bushels for home consumption, for

feed, seed and flour, that leaves us with probably 200 million bushels still to be sold to other countries. What is the intention of the government with regard to these sales to other countries? Are they to be made direct to individuals in those countries, or to government agencies, or are the facilities of the Winnipeg grain exchange or any other grain exchange to be used? What is the method that is to be used in disposing of the grain that is not covered by this contract?

Mr. MacKINNON: No grain exchange in Winnipeg or anywhere else is going to be used as far as the Canadian government or the wheat board is concerned. I am told that certain buyers in foreign countries are in the habit of buying through shippers or brokers and I do not know to what extent they will continue to do that.

Mr. WRIGHT: Is that for the duration of the contract, or just for this year?

Mr. MacKINNON: As far as I know it is for the duration of the contract. I can answer the hon. member's question by stating that it is the intention to carry on indefinitely in the way I have just stated.

Mr. BENTLEY: I understood from the minister that any exporting firm in this or any other country which makes a deal outside of this contract must place the order with a broker here who will buy direct from the wheat board. Is that correct?

Mr. MacKINNON: Yes.

Mr. QUELCH: This morning the Minister of Agriculture stated that the 12½ per cent in the price of agricultural machinery would be offset through the Canadian dollar being now on a parity with the United States dollar. We all agreed that that should be so, but that is not what is happening, because the last word I had from the west shows that an $1,800 binder is now quoted at over $2,000. Is the government going to take steps to see that the prices of farm machinery are controlled? It seems to me that since the government allowed that increase of 12½ per cent and brought the Canadian dollar on a parity with the United States dollar, the government would be justified in reducing the farm machinery increase from 12½ per cent to 2½ per cent.

Mr. MacKINNON: That is a matter of government policy.

Mr. QUELCH: But farm machinery is being bought in such large quantities prior to the harvest that the question is important now; for our farmers are paying these increased prices. If the government is going to act it will have to act quickly.

Mr. FAIR: In regard to quota deliveries during the second, third and fourth years of this contract, will the quota be applied only during a certain portion of the year until the heavy run of wheat comes, or throughout the whole year?

Mr. MacKINNON: It will be the policy of the wheat board to open up the quotas just as soon as it can.

Mr. FAIR: The farmers will be able to deliver all the wheat they can grow during the life of this contract to July 31, 1950?

Mr. MacKINNON: That is my understanding.

Mr. CASTLEDEN: What will be the acreage basis under this agreement?

Mr. MacKINNON: The present authorized acreage is approximately 22,000,000. The original basis was 65 per cent of the 1940 acreage, but since then adjustments have been made and at the present time the authorized acreage is approximately 22,000,000. We are operating on that basis.

Mr. CASTLEDEN: Will new acreage be permitted to come under cultivation? Thousands of veterans are returning to agriculture and getting themselves established on new land. There will have to be some adjustment made to take care of them, and I want that clearly understood.

Mr. MacKINNON: The wheat board have been doing that right along.

Mr. CASTLEDEN: With regard to the five-year participation period, one of the great objections is that the farmer will not be able to realize on his participation certificates beyond 10 cents now and 14 to 16 cents on the 1944 crop until July 31, 1950.

Mr. MacKINNON: That is correct. After payments have been made on the 1943 crop, the 1944 crop and 10 cents on the 1945 crop, and that will take some time, the next participation payments will not be made until the profits of the five-year pool are ascertained.

Mr. CASTLEDEN: That will probably be in 1951.

Mr. MacKINNON: I should think so.

Mr. CASTLEDEN: At the very earliest. Is there no way in which the government can make a participation payment at the end of the third year instead of the farmer having to wait five years? That is just a bit too long.

A good many farmers have their money in participation certificates, and with rising costs they are going to be in a difficult position. Some will be compelled to go to the banks and borrow money, because even though they have participation certificates the banks do not take them as collateral. I would strongly urge that a partial payment be made at the end of three years instead of five years. That would greatly relieve the position of the grain growers.

Mr. MacKINNON: I do not see how that could be done, but it is a matter that might well be taken into consideration.

Mr. ROSS (Souris): I raised that point this morning. I am not able to understand why the twenty cents which would apply on the next two years' crops should not be paid following the end of those two years. The answer given was it was being held to average up the price for the five-year period. Is there any other object which the wheat board has in mind in holding up payment of the participation certificates for five years?

Mr. MacKINNON: The plan provides for a five-year pool, and the participation payments covering the five-year pool will be made on the basis of the profits made by the board in the next five years.

Mr. ROSS (Souris): I asked another question this morning as to the subsidy on flour for domestic use in Canada. The government has been paying a subsidy of 47⅝ cents a bushel. I do not suppose that subsidy will be paid on flour exported?

Mr. MacKINNON: No.

Mr. ROSS (Souris): How do you adjust the matter between the two lots of flour?

Mr. MacKINNON: The mills make a report to the wheat board every month. Those reports are audited, so there will be no difficulty about that at all.

Mr. ROSS (Souris): One question that bothers me more than anything else is that all manufactured goods are exported on a rising market. Is there anything in mind to bring about parity between farm prices and the prices of the goods the farmer needs in order to produce and for his living?

Mr. MacKINNON: No.

Mr. WRIGHT: I think we are all agreed that we want stability and that this agreement is a step in that direction. But there is one flaw in it, and I am wondering if this point was discussed with the British representatives when the negotiations were taking place. There is no relationship between the price of our wheat being sold to Britain and the prices of the goods which Britain has to sell to us. We are buying certain of these articles and it seems to me there should be some relationship between the price of wheat we are selling to Britain and the prices of the goods she is selling to us. I know that in negotiating agreements with other parts of the commonwealth that factor was taken into consideration. Was it discussed in the negotiations with the British people in connection with this agreement?

Mr. MacKINNON: There was no discussion of that, and I really do not see how there could be any hope of arriving at agreement on it.

Mr. WRIGHT: In the agreement which Britain reached with New Zealand the matter was discussed and adjustments were made in the agreement to cover that point. I know it is much easier to do that in the case of New Zealand because she buys a lot of goods direct from Britain which we do not. But if this wheat agreement is to be fair to the farmers there must be some relationship between their costs and the prices of what they have to buy. I know it is very difficult for a government which does not believe in planning except from day to day to do that. Nevertheless I am still of the opinion that that is the only permanent solution of our problem, and I was wondering if the government had been far-sighted enough to discuss that aspect of the matter with Britain when negotiating this agreement.

Mr. FAIR: I have given figures showing that the price of rye dropped from $3.04 to $1.89½ from July 30 to August 10 last. In view of this very recent evidence, what action is the government taking to close the exchange as far as the sale of rye is concerned?

Mr. MacKINNON: Very recently in the house I made a statement on rye operations in connection with the exchange, and what is set out there is, I think, a complete outline.

Mr. CASTLEDEN: Was not an order in council passed permitting a drop of ten cents a day?

Mr. MacKINNON: No.

Mr. CASTLEDEN: Well then, regulations—?

Mr. MacKINNON: Nothing whatsoever having to do with the wheat board.

Mr. CASTLEDEN: In view of the fact that so many things have been said here with regard to this agreement, could we have the unanimous consent of the committee that a

copy of this agreement be placed in the record? It would save some trouble in reading it—

Mr. MacKINNON: I should be very glad to have it specially printed and circulated to each member of the House of Commons and the other house.

Mr. CASTLEDEN: A good many people in reading *Hansard* will wonder what the actual agreement is, and I believe that if a copy were placed on *Hansard* it would be a great deal of benefit throughout the country in helping people to understand what the agreement is.

Mr. MacKINNON: It is contained in about two or three pages.

Mr. MACKENZIE: Put it in *Votes and Proceedings.*

Mr. CASTLEDEN: Those outside this house who read *Hansard* do not read *Votes and Proceedings.*

Mr. ROSS (Souris): There is no reason why, with unanimous consent, it cannot be put on *Hansard,* for the information of anyone in Canada who is interested.

Mr. MACKENZIE: The only point is that the government printing office is very much overworked, and it might delay the publication of *Hansard* to-morrow.

The ACTING CHAIRMAN (Mr. Golding): Is it the unanimous consent of the committee that the report be included in *Hansard*?

Some hon. MEMBERS: Agreed.

(*The agreement follows*):

The government of Canada and the government of the United Kingdom, recognizing that their mutual interest in the maintenance of reasonable prices and adequate supplies of wheat for consumers and of steady and remunerative prices for producers can best be met by international cooperation in the expansion of world trade and employment, have entered into the following arrangements designed to ensure a measure of security in the supply and of stability in the price of wheat supplied by Canada to the United Kingdom:

1. (a) The United Kingdom government undertakes to purchase and the Canadian government undertakes to sell the following quantities of Canadian wheat, which quantities include wheat to be processed into flour for sale to the United Kingdom government:

(i) within the crop year 1946-47, 160,000,000 bushels;
(ii) within the crop year 1947-48, 160,000,000 bushels;
(iii) within the crop eyar 1948-49, 140,000,000 bushels;
(iv) within the crop year 1949-50, 140,000,000 bushels;

A bushel shall be of the weight of 60 pounds avoirdupois.

[Mr. Castleden.]

(b) In the event of the United Kingdom requiring from Canada any additional quantities of wheat that the Canadian government is prepared to make available, such additional quantities which the Canadian government offers and the United Kingdom government accepts shall in all respects be subject to the provisions of this agreement.

(c) Of the total quantity of wheat specified above for each crop year, the United Kingdom government agrees to take the following quantity in long tons in the form of flour:

1946-47—500,000 tons as a minimum, with an additional quantity not exceeding 140,000 tons to be determined by negotiations in the light of the out-turn of the crop.

1947-48—400,000 tons as a minimum, with an additional quantity not exceeding 140,000 tons to be determined by negotiations in the light of the out-turn of the crop.

1948-49—300,000 tons as a minimum, the actual tonnage to be negotiated by the 1st July, 1947.

1949-50—300,000 tons as a minimum, the actual tonnage to be negotiated by the 1st July, 1948.

(d) The rate and place of deliveries of wheat and flour shall be determined from time to time by mutual agreement.

2. (a) The price per bushel to be paid by the United Kingdom government to the Canadian government on the basis number one Manitoba northern, in store Fort William/Port Arthur, Vancouver or Churchill, shall be as follows:

(i) In respect of wheat bought and sold in the crop year 1946-47, $1.55.
(ii) In respect of wheat bought and sold in the crop year 1947-48, $1.55.
(iii) In respect of wheat bought and sold in the crop year 1948-49, not less than $1.25.
(iv) In respect of wheat bought and sold in the crop year 1949-50, not less than $1.

(b) The actual prices to be paid for wheat to be bought and sold within the crop year 1948-49 shall be negotiated and settled between the United Kingdom government and the Canadian government not later than the 31st December, 1947, and prices for wheat to be bought and sold within the crop year 1949-50 shall be negotiated and settled not later than the 31st December, 1948. In determining the prices for these two crop years, 1948-49 and 1949-50, the United Kingdom government will have regard to any difference between the prices paid under this agreement in the 1946-47 and 1947-48 crop years and the world prices for wheat in the 1946-47 and 1947-48 crop years.

(c) The prices to be paid for grades other than number one Manitoba northern to be delivered under this agreement shall be determined yearly in consultation between the United Kingdom government and the Canadian government.

(d) In addition to the prices detailed in Section (a) of this article, the United Kingdom government undertakes to pay such carrying and forwarding charges as may be mutually arranged.

(e) Payment shall be made in full in Canadian funds at par Winnipeg by the United Kingdom payments office against presentation of completed statements of claim or otherwise as may be mutually agreed.

3. It is agreed that the United Kingdom government may sell or dispose of the wheat and flour purchased under this agreement in

whatsoever manner the United Kingdom government may deem expedient both in regard to destination and price.

4. (a) The Canadian government will use its best endeavours to arrange that the qualities of wheat set out in article 1 (a) shall at all times be available and at the disposal of the United Kingdom government within the stipulated dates and in accordance with the rates and places of delivery determined under section (d) of article 1 of this agreement.

(b) The United Kingdom government will use its best endeavours to arrange for the provision of the required ocean tonnage within the stipulated dates and in accordance with the rates and places of delivery determined under section (d) of article 1 of this agreement.

5. It is agreed that the detailed terms and conditions relating to such matters as carrying and forwarding charges, grades, routing of shipments and all other matters incidental to the fulfilment of this agreement shall be discussed and settled from time to time and incorporated in documents to form annexures to this agreement.

6. It is mutually understood that matters arising from, or incidental to, the operation of this agreement may at the instance of either party become subjects of discussion between the parties to this agreement.

7. Having in mind the general purposes which this agreement is designed to serve, the two governments have agreed that its terms and conditions shall be subject to any modification or amendment which may be necessary to bring it into conformity with any international agreements or arrangements hereafter entered into to which both governments are parties.

Done in duplicate, in Ottawa, on the twenty-fourth day of July, 1946.

For the Government of Canada:
Jas. A. MacKinnon.

For the Government of the United Kingdom:
P. A. Clutterbuck.

Mr. MACDONNELL (Muskoka-Ontario): I have no intention of venturing into the details of this agreement; I should be just a sheep in the midst of wolves and, probably, be torn from all sides. But I do want to make some observations—

Mr. MACKENZIE: Oh, oh.

Mr. MACDONNELL (Muskoka-Ontario): I assure the Minister of Veterans Affairs that they will be brief. They have to do with some remarks which were made this morning by the hon. member for Rosetown-Biggar. The hon. member, in hailing this agreement, correctly described it as a great step forward to a controlled economy, and I heard no sign of any demur from the opposite side of the house, so that I am going to take it upon myself to say one or two things about it.

I have noticed that the hon. member for Rosetown-Biggar takes his cue from the Apostle Paul, in that he tries to be "all things to all men." It is not long ago since I had occasion to quote him in this house to the following effect: "We are not opposed to private enterprise, but we demand that private enterprise should take the risks if it takes the rewards." I said I could agree with that. I can only assume that the hon. member for Rosetown-Biggar uttered those remarks after having associated with some people engaged in private enterprise, whom he found to be, like himself, quite civilized, and therefore he had difficulty in regarding them as members of "the jungle"—to quote a phrase socialists sometimes use. But this morning, I assume after returning from the meeting of the other apostles in the west, he showed a feeling of enthusiasm about socialism, and it seemed to me that he went a very long way. It is true that he referred to laissez-faire, which I recognize is an extreme form of private enterprise, and a form of private enterprise which has to be curtailed in various ways. Nevertheless he got into a pretty full flood of socialist feeling, as I understood him, when he described this agreement as being the precursor of other agreements, and it seemed to me that before it was through he had floated us well out on the sea of socialism, which I do not think all of us wish to embark on.

It is true—and for this I give him credit—that when he spoke about a controlled economy he said there would be no regimentation. That is something which puzzles me very much. Apparently those who believe in these views think you can have a control which is not a control; it is going to be all very nice; nobody is going to tell anybody else what he must do; everything will be by persuasion.

Mr. COTE (Matapedia-Matane): Does the hon. member for Muskoka-Ontario believe in the kind of private enterprise which Mr. Gladstone Murray speaks of as responsible enterprise?

Mr. MACDONNELL (Muskoka-Ontario): If I understand what Mr. Gladstone Murray has said, as quoted by the hon. member, certainly I mean that. I would go farther and say, while I am on the point, that there must be regulation, and in some cases more regulation than others. But I come back to this point of control and regimentation, because I think it is an important point.

People must try to be realistic about this. To me it is inevitable that regimentation, however pleasant you try to make it, will still be regimentation, and it will still involve a few people giving other people orders. I once read an essay on murder, in which it was apparently argued that even murder could be done in a pleasant way. The essayist remarked, "I once knew a bulldog which murdered another bulldog with pleasing circumstances of

good taste." I am prepared to believe that the hon. member for Rosetown-Biggar, who, though I disagree with him, I must say always seems to be very agreeable, might try to make control and even regimentation as palatable as possible, just as the pleasant bulldog did.

But why I really rose in my place was this. I think, regardless of our views and differences, all of us would like to feel that we are realistic. Frankly, I think members of the C.C.F. are often not realistic, and especially they are in grave danger of constantly ignoring the fact that this country is one which lives or dies by export trade. That being so—and this is really my excuse for being on my feet at all —I wish to draw attention to a short extract from the London *Economist*, dealing with the position of England and with the task facing the British government, the task especially of finding the export trade by which, as the *Economist* in effect points out, they either live or die. If their export trade is good they will live, and if it is not they will die, or at any rate suffer a grievous reduction of their standard of living.

An hon. MEMBER: What about imports?

Mr. MACDONNELL (Muskoka-Ontario): I always try to couple imports and exports.

Mr. COTE (Matapedia-Matane): We are not in England; we are in Canada.

Mr. MACDONNELL (Muskoka-Ontario): I should like to invite your attention to this quotation, because it is right on the target. I do not think any intelligent man can listen to this without asking himself whether it is true or false, and if it is true, it has searching and far-reaching implications for us. The article, which appears in the issue of July 27, at page 82, begins:

This is a strange task—

The task is that of finding sufficient export trade to enable them to prosper.

This is a strange task for a socialist government to find itself embarking upon. For competition in the world market still has those ugly features that socialists strive to banish from the domestic scene. The foreign purchaser is rarely amenable to "control." The foreign competitor does not submit to "coordination." "Fixed prices" are a rare exception and "orderly marketing" still rarer. Subsidies, the last resort in the domestic field of a government that cannot otherwise make an industry's ends meet, are regarded in the foreign field as almost equivalent to a declaration of war. The foreign customer is obstinate about buying where he can buy cheapest. Price, in fact, is the very essence of exporting. Quality, of course, plays its part; but quality alone, without a competitive price, will be useless.

Wherever else the labour government may be able to escape from the operations of the law of supply and demand—that law of the jungle that socialist orators are so fond of denouncing —they will have to face it in export markets. However much they may succeed in the domestic market, in substituting the welfare of the producer for the service of the consumer as the test of economic efficiency, they cannot do so in exports. . .

They will not find it easy to be coordinators at home and competitors abroad. They will need to be very stern in letting not their right hand know what their left hand doeth. Their chosen right hand is Sir Stafford Cripps; but he has not been able to prevent a little left-handedness creeping into his activities, as when, by some sort of conditioned reflex,—

I do not know exactly what "conditional reflex" means.

—he nationalized the Liverpool cotton market. That sort of instinct will have to be sternly repressed if the government are to perform as well in the role of Doctor Jekyll as in that of Mr. Hyde. They have just about three years—

The reason for the reference to three years is that they reckon that will be the time when the American and Canadian credits will run out.

They have just about three years to prove that their economic policy can meet the brutal test of economic efficiency—that is, whether or not it can produce better goods, at lower prices than other countries. If it can, the world will be at its feet. If it cannot, no amount of appeal to social justice, no "planning" or schemes of social security will save the country from a sharp reduction in its standard of living.

Whether hon. members agree with that statement or not, I believe everyone will agree that it is at least a clear statement of a certain view which I suggest is realism. I am sorry the hon. member for Rosetown-Biggar is not here at the moment. I suggest that these words apply to this country just as precisely as they do to Great Britain.

Mr. COTE (Matapedia-Matane): I would fully agree with the hon. member for Muskoka-Ontario (Mr. Macdonnell) if he were sitting in the House of Commons in England. I should like to see him there some day. His great associate, Mr. Bennett, sits in the House of Lords. From the point of view of the British government, there is no doubt whatever that the article from which he has quoted and the argument which he is promoting are right. But unfortunately for the hon. member, we are not in Westminster. We are in the House of Commons of Canada, in Ottawa.

An hon. MEMBER: What has that to do with it?

Mr. COTE (Matapedia-Matane): Wait a minute. You will find out.

Mr. BROOKS: Not from you.

Mr. COTE (Matapedia-Matane): You will be surprised, and disappointed. I am not going to say that I am an expert on this ques-

tion. Far from it. The hon. member for Muskoka-Ontario knows me better than to suppose that I would pose an as expert, but I hope that I shall be understood by members of all parties when I make the statement I am about to make. When we have to discuss any matter here, why should we introduce into this house the views and the concepts of people with whom we are trading? Exports from England to this country are imports as far as Canada is concerned, and exports from the Canadian soil to England are imports to the English. It is not one and the same problem at all. I suggest that it is about time that we in this House of Commons tried to understand the problem as it really is.

We have given $1,250,000,000 to England, and we have done so after many other grants; and I voted upon it with the greatest satisfaction that I have ever had in my life. Why? I will tell you why. I felt like a man paying the last instalment on a promissory note to the bank, a payment from a debtor who was becoming a creditor. I contend, therefore, that we should deal with this problem now before us as we deal with all problems as between exporters and importers—Canada-United Kingdom—on the basis that we are a nation and that we must analyse the situation instead of taking advice either from Westminster or from hon. members on the other side for whom I have every respect.

Mr. QUELCH: Has there been any recent change in the wheat board's policy in granting permits to a number of brothers farming together, or to father and son? Last year I received several complaints from organizations in my constituency to the effect that the wheat board was attempting to get brothers to sell wheat under one permit instead of, as before, under two or three. The same thing was complained of with regard to father and son. These people fear that if this were carried out they would be told that under the P.F.A. Act they were one unit instead of two or three and thereby the bonus would be cut down. Moreover, it would cause confusion, because if one brother wanted to sell coarse grains and another brother wanted to buy coarse grains, if they were operating under one permit, a transaction of that sort would not be permitted, whereas under separate permits one might sell and the other buy. I cannot understand why, as in the past, brothers should not be allowed to sell under separate permits.

Mr. MacKINNON: The chairman of the wheat board tells me that without knowing more of the circumstances it would be impossible to give an answer.

Mr. QUELCH: Has there been any definite change in policy, or was this a case of individual action to meet certain particular cases where they thought a mistake was being made?

Mr. MacKINNON: I am advised that there is no definite change in policy.

Mr. ZAPLITNY: I was intrigued by the reference of the hon. member for Muskoka-Ontario to the wolves and sheep, and I confess that by the time he was through I felt it difficult to distinguish between the wolves and the sheep.

Mr. MACDONNELL (Muskoka-Ontario): I was the sheep.

Mr. ZAPLITNY: What I wish to refer to is the argument that he tried to develop—or so it struck me at any rate—in favour of what might be called unrestricted or uncontrolled trading as opposed to the direct method. I must say at the outset that for my own part I would prefer to have seen a multilateral rather than a bilateral agreement, because that is the direction in which we are attempting to go in these days. On the other hand, I would rather see a bilateral agreement than none at all. I do not need to go into the reasons for that because it has been covered.

I am not altogether happy or contented with the terms of the contract because I feel, as I have said before, that the initial price for wheat could have been higher than the price we have obtained. I have a simple calculation here which shows how I make that contention. For example, the initial price was $1.25, with participation certificates of twelve cents on the 1943 crop, making a total of $1.37. If we were to take the pattern set by the government itself in connection with increasing prices, for example the 12½ per cent increase on farm implements—and that seems to be the pattern right along for manufactured articles—and added 12½ per cent to the $1.37, or eighteen cents, we would bring the price up to $1.55. I think the government could have been bold enough to take that step and to have guaranteed a price of $1.55 for four years, instead of for two years.

On the other hand, however, I cannot bring myself to agree with those ideas which have been expressed by hon. members to my right, and for this reason. I have listened carefully in the last two days to speeches made by hon. members in the Progressive Conservative party, and I have failed thus far in my own mind to crystallize anything in the form of an alternative to this agreement. We have heard considerable by way of denunciation of it, and some of the criticism was good. But

I have not heard anything which could be put in the place of this agreement which would merit my support.

The only indication we have had along that line was what we heard to-day, and that amounted to going back to the principle of laissez-faire which was so roundly condemned by the hon. member himself. The process of accusing the leader of this group of welcoming the agreement because it means regimentation, giving orders, and all those terrible things which are supposed to be tied to controls, I cannot accept, because it is not so. We must definitely make up our minds that this is true, as long as we live, in any society, because we have reached the point where somebody is going to do the controlling. The only choice I can see is as to whether we shall have control, in which we as a parliament can participate, or whether we shall have control of our prices from the outside.

Apparently the hon. member for Muskoka-Ontario prefers control by people from the outside. Evidently he would think that if we were to have nothing to do with the setting of prices here, everybody would be happy. The result would be that somebody would set the price for us; somebody would set this mythical world price. It might be some monopoly or trust company or bank over which we have no control. I object to that type of control. If we are to have the control or regimentation which is necessary, then let us have such control emanate from a public body which can be controlled in turn by the voters of this country. Then we shall have a say in how much control there will be and in which respects we shall have it. If we do not do that we shall have to accept controls which are imposed upon us by private enterprise, for its own benefit.

Mr. CASTLEDEN: I should like to say a few words in reply to the hon. member for Muskoka-Ontario, who made reference to the leader of this party and to his hailing of this agreement. I heard clearly what my leader said, and I noticed he said that whereas this agreement gave stability, and whereas it gave for a period of years some security to the farmer, he hailed it as a step in the right direction.

Apparently the hon. member for Muskoka-Ontario is very much afraid that we are leading to regimentation, and that such regimentation will not be to his liking. I think the rank and file of people in Canada who are going to benefit from such control as this will hail this contract. The people who will squeal about it are those who previously operated the grain exchange and the stock exchange, those who speculated to their own advantage and to the detriment of others. We shall have squealing from the monopolies who, to their own advantage, have the power to withhold necessities from the rank and file of the people. So far as I am concerned, and so far as the rank and file of the people in this country are concerned, we are not going to worry about that regimentation, even if it means the elimination of those people who maintain their rackets in that particular field.

Then, the hon. member seemed somewhat concerned about what the ultimate result would be when we approach the international field. When nations throughout the world carry on an exchange of agreements on this basis, through a process of governments arranging with governments rather than with exchanges and people on world exchanges, or with world monopolies, it is to the advantage of the rank and file and for the benefit of people everywhere, rather than for the benefit of just a few who may be in control in the international field. Under this process we have regimentation in the right place, and I do not think the rank and file of people will object to it.

Mr. BURTON: I listened with a good deal of attention, as I usually do, when the hon. member for Muskoka-Ontario speaks.

Mr. MACDONNELL (Muskoka-Ontario): Then I wonder why you do not agree with me.

Mr. BURTON: He did admit that we must have some regulation.

Mr. MACDONNELL (Muskoka-Ontario): I always have.

Mr. BURTON: He also says that we must be realistic. I would say to him that I remember only too well that period following the first great war when there was a reopening of trading in wheat on the Winnipeg grain exchange, and when we had an example of people trying to operate the economy of our country along the lines which apparently the hon. member for Muskoka-Ontario is advocating: "Be sure you do not have any regimentation. Be sure your regulations will not hurt those who want to go ahead with their system of laissez-faire"—of which the hon. member himself seems now to be somewhat dubious.

There are thousands upon thousands of farmers in western Canada who remember, most realistically, the period of time in the thirties, when the government in power had much the same conception about how the affairs of the country should be run as does the hon. member for Muskoka-Ontario, when we had the privilege of producing some of the finest wheat we ever produced in our

lives, the very best of No. 1 hard. You know, Mr. Chairman, I am so realistic that I remember only too well the days when I hauled that wheat to the elevators and got thirty-eight cents a bushel for it.

Mr. ROSS (Souris): Was it worth any more than that in any other country of the world at that time?

Mr. BURTON: I would add that there were regulations then. There was regimentation, not regimentation by government, but regimentation by those who controlled the marketing of grain in our country. When we talk about regimentation we must remember that very often there is regimentation and control exercised by people who are not acting on behalf of the people generally, but rather on behalf of a small group.

Mr. ROSS (Souris): Would the hon. member permit a question?

Mr. BURTON: Certainly.

Mr. ROSS (Souris): Could the hon. member have obtained any more for a bushel of wheat in any other nation during the thirties than he got in Canada at that time—from any government, including the socialist governments of that time?

Mr. BURTON: I am not excusing the successors of the union government any more than I am excusing others. Had the governments of those days had the vision and foresight following the first great war to have consummated agreements similar to this one, in all probability we would not have had the condition later on which was referred to by the hon. member for Souris.

I should like to say a few words about this agreement. The leader of this group has spoken, as well as other hon. members in the group. I believe—and I am convinced that this goes for many farmers throughout Canada—that while in this agreement there may be certain provisions which are not entirely to our satisfaction, and while there may be some things—some of which have been mentioned—we should like to have improved, by and large the farmers of this country, and especially those who would come under the operations of this policy announced by the government, are going to accept it as a step in the right direction. They are doing that because they consider that, despite its shortcomings, there is much good in it.

Mr. BENTLEY: I am not going to make a lengthy speech, but rise simply to ask a question of the minister.

I would say first of all, however, that I should like to draw one inconsistency to the attention of the hon. member for Muskoka-Ontario. The hon. member is always so good-natured, polite and courteous that I know he will not object to my drawing this to his attention. He read from an article in the London *Economist,* I believe he said it was, and during the course of his reading he came to a point where he made the observation, "I do not quite understand that, myself." But he indicated in his remarks that he agreed with the article, even though there were some parts in it he did not quite understand.

I have a question which I have asked before, but perhaps I did not ask it clearly enough to get the answer I had expected. Therefore it was my own fault that I did not get the right answer. My question is this. The wheat board is going to accept delivery of all wheat for the next four years. It will deliver approximately 160 million bushels this year direct to Britain, according to contract. There will be other amounts left over for outside markets, wherever they may be found. Does the wheat board intend to offer for sale on the pit of the Winnipeg grain exchange the wheat which is not covered by the contract with Great Britain?

Mr. MacKINNON: No.

Mr. STEPHENSON: We have heard a lot about western wheat, so much, in fact, that one would almost conclude that everyone comes from the west. But we have farmers in Ontario who produce Ontario winter wheat. Would the minister explain why there is a difference between the price of Ontario winter wheat and the price of western wheat?

Mr. MacKINNON: At the present time Ontario wheat brings five cents a bushel more than western wheat.

Mr. STEPHENSON: I understand that wheat here was selling at $1.26 recently. I know of one farmer who delivered it at that price, but the western wheat price is $1.35.

Mr. MacKINNON: It is $1.26 plus the 14-cent rise.

Mr. STEPHENSON: But this was just in the last week.

Mr. BENTLEY: We only got ours this year on August 1.

Mr. MacKINNON: The price to-day is $1.40.

Item agreed to.

DEPARTMENT OF VETERANS AFFAIRS

444. Departmental administration, $1,554,712.

Mr. BROOKS: It is refreshing to get away from all this talk about wheat and chaff we

have been smothered in for the last three or four days. Coming from the maritime provinces, I find myself in somewhat the same position as the hon. member for Durham, in wondering if there is any other part of Canada except the three prairie provinces.

I believe it has been the practice to permit a general debate when the first item of each department is called. I do not intend to take up much time this afternoon, nor do I fell I would be justified in doing so. Veterans affairs have been discussed not only in the house when the bills respecting veterans were before it but, as every hon. member knows, for weeks and weeks in the veterans affairs committee. I do not think much more could be said either here or anywhere else on the subject. Any attempt at a lengthy discussion must result in repetition. At this stage of the session I would not feel justified in proceeding at length, and I am sure most other hon. members would feel the same way.

However, there is one point I believe I should emphasize, and it is this, that if there should be any lack of criticism in these estimates at the present time it arises from the fact that the subject matter has been discussed on other occasions, and such lack of discussion must not be considered by the government as an indication of entire satisfaction with the results obtained thus far. Many hon. member know that we pressed for things in committee meetings which we did not get. It would take too long this afternoon to mention them in detail.

However, I might say that the Veterans' Land Act has come in for a considerable amount of criticism. Many settlers feel they are not getting what they should get. There is criticism in connection with small holdings, and the building of houses under the Veterans' Land Act.

Then the matter of imperials was discussed, and many hon. members expressed the view that the imperials were not justly treated. Mention has been made of the fire fighters—and I bring these matters to the attention of the committee only to show that, while there may not be extensive criticism of the minister's estimates there are still many things which could and have been criticized in the past.

I have noticed that on occasions hon. members bring to the house letters which they have received from constitutents setting out certain points of criticism. I am satisfied, from the number I have received, that if all hon. members were to bring their personal letters to the house and proceed to read them, practically nothing else would be done.

We have been told by the minister, and to a great extent we agree, that the legislation put through the house has been good. I think he said it was the best to be found in any country in the world. While we do not all agree on that—I have no doubt the United States consider they have some of the best veterans legislation in the world—we do agree that our legislation is good. There can be no doubt about that. As I said a few days ago, there is no reason why Canada should not have good legislation for its veterans, because I do not believe there is any country in the world better fitted than this Canada to look after its veterans.

When one stops to consider the situation in other countries he recalls that most of the countries in Europe were overrun by war and suffered far more than we did. Their cities, towns and public utilities were destroyed and ravaged, and the people are bankrupt. So that I say Canada is in a better position to look after her veterans than is almost any other country. While we may claim great credit for it, and while we may be entitled to credit, yet it would be very much to our discredit if it were not true.

The most serious criticism being made in Canada to-day in connection with veterans affairs is not with the legislation which was dealt with by the veterans affairs committee, and which has been passed in the form of bills, as with the administration. As has been mentioned time after time in this house, the two matters which concern the veterans most to-day are jobs and housing. I know these come under other departments, but they are the two great problems for the veteran. They must be solved by the government and by this country if our veterans are to be properly rehabilitated and receive what we consider is their due for the suffering they have undergone and the sacrifice they made for this country and for civilization.

We have passed many acts. As I said a few moments ago, they are good acts, but the best intentions in the world as far as those acts are concerned will be frustrated unless they are properly administered. The passing of an act is sometimes quite a simple matter, but it is an entirely different matter to carry out the terms of an act. I have pointed out before, and I think it will bear repeating, that at the head of these different departments of the veterans affairs are men who are capable, but there has been some reason for complaint in connection with the men to be found across the country. I suppose that is owing to the fact that the department cannot always get

the best men. Sometimes, if these men are not properly checked they do not take the interest in their work they should.

That is not only true in this country; it applies to others as well. I have read articles about what happened in the United States after the last war, particularly with reference to hospitalization. After the last war, the public there began to lose interest in the veterans and there was not as good administration as there should have been. I hope that that will not happen to veterans of this war. I trust that these new acts will be so administered that there will be little fault to be found as far as the veterans are concerned.

I think we all recognize the fact that the soldier finished his job when the war ended. He did a splendid job. During the war there were many organizations which rendered assistance in hospitals and other service organizations. They did much to help those who were carrying the burden of war. It has been the experience in the past that, when a war is over, people turn to their own duties and responsibilities and leave this other responsibility to the government. They more or less wash their hands of it. I hope that that will not be the case after this war.

There are many large hospitals from one end of the country to the other and there are many service men who will have to remain in those hospitals for years to come. There are many social organizations which could lighten their burden and assist them in many other ways. As I say, I hope that, now that the war is over, these matters will not be left entirely to civil service officials or to the Department of Veterans Affairs, but that these social organizations which did such a splendid work during the war will feel that they still have a responsibility to the soldier who has to spend his time in hospital.

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): In a word may I thank the hon. member for Royal for the typically co-operative and constructive remarks he has made this afternoon. They only reflect his attitude all through the meetings of the committee on veterans affairs. In regard to the committees he has mentioned, I can assure him that conferences of our local committees are going on all across the country. Their work has been most helpful and constructive and is tremendously appreciated.

I do not think I should detain the committee at present except to answer such questions as may be asked. We had a splendid committee and I should like to pay a tribute to the members before these estimates are through. I happen to have been thirty years in parliament, and never in my life have I seen a committee so sustained in their devotion to the public service, both in the cause of the veterans and the cause of Canada, as was the veterans affairs committee of this parliament. Whatever may be the vicissitudes of public life in the future, the members of this committee will always have the reward of conscience from a task well done. If I were in charge of giving out awards, I would grant each one the Canada medal.

Mr. WRIGHT: On behalf of this group, I should like to say a word on this item. It is not my intention to enter into any prolonged debate and I am not even going to repeat the remarks of the hon. member for Royal. I think he has covered fairly well the points on which there might have been any difference of opinion in the committee. While we did not get all the things we wanted, there was co-operation on the part of the government in granting at least part of our requests. I hope that the same cooperation will exist in the future, because there is no doubt that after we come back to another parliament we shall have found that there are inconsistencies in these acts which will need eliminating. I hope that we shall have the same cooperation from the government in connection with listening to those complaints and remedying some of them.

As the hon. member for Royal has said, you can have the best act in the world, but if the administration and the regulations passed under it are not sympathetic the whole act will be spoiled. Taking it as a whole, I think the administration of these veterans acts has been good, but there will occur in different parts of the dominion inconsistencies which we as members will feel we must bring to the attention of the government. I hope that there will not be any heated arguments when we bring up such matters, because we do so knowing that they are just complaints which should be remedied.

There was one matter which I brought to the attention of the minister a short time ago. This had to do with conflict with respect to veterans regulations concerning men getting medical treatment during the first year after discharge, and certain provincial acts, particularly one in Saskatchewan, with respect to automobile accidents. I hope that the minister will have an opportunity to iron out these difficulties. It is the little things that really make a difference between success or failure in the administration of veterans legislation. It is the failure to remedy a thing quickly enough, to let it drag on, that gives the black eye to what might otherwise be good veterans legislation.

I believe that we have put through reasonably good veterans legislation. As I said before, perhaps it is not as complete as some of us would have liked. If we were responsible for its administration, perhaps we would not go as far as we are prepared to go when we are in opposition. If we are fair we shall admit these things. I urge the department to give sympathetic consideration to the little differences that will occur throughout the country and have them remedied as quickly as possible so that they will not become open sores and cause dissension among our veterans.

Mr. MACKENZIE: I want to thank my hon. friend for his remarks.

Mr. QUELCH: On behalf of this group, I want to say that I agree wholeheartedly with the remarks of the two previous speakers. I do not think anything will be gained by repeating what has already been said. I was a member of the committee which sat last year and the greater part of this session. We covered every phase and angle of veterans affairs, so that it would be a sheer waste of time to travel over the same ground again. The point made by the last speaker was a very good one. No doubt, when we get back to our constituencies, we shall find that certain acts are not working out to the best advantage, but I am satisfied that if we bring defects to the attention of the minister he will give our representations every consideration, and that at the next session, if we have found serious trouble with the legislation, the minister will give us every cooperation.

Mr. MACKENZIE: Thank you.

Mr. HERRIDGE: As a member of the veterans affairs committee I want to support the remarks of the hon. member for Royal, the hon. member for Melfort and the hon. member for Acadia. I do not think there is any necessity at this time, after the long discussions we have had in the veterans affairs committee to deal with these estimates at length. I want to say that I enjoyed working with the other members of the committee and that throughout the whole of our meetings the spirit was excellent. The intention of all the members was to serve the men they were appointed to serve. I am sure that all members of the house, all veterans and the people of the country will watch with great interest the workings of our veterans legislation during the months ahead, and no doubt next session we shall be prepared to make suggestions that experience will justify. I wish to suggest through you, Mr. Chairman, to the minister that it would be of great advantage to members of the house if they could obtain a copy of the consolidated acts relating to veterans.

[Mr. Wright.]

Mr. MACKENZIE: That is already being arranged, as soon as the senate approves the legislation.

Item agreed to.

445. District administration, $3,489,288.

Mr. HARKNESS: I notice that there are nine district administrators, with salaries ranging from $3,000 to $5,700. Would the minister indicate on what basis these districts are organized? Are they on a provincial basis, or are they military districts, and what is the reason for the wide variation in salaries?

Mr. MACKENZIE: The basis is an approximation in conformity with military districts, but sometimes it has been necessary to form sub-regional districts for purposes of better administration.

Item agreed to.

447. Treatment services, $13,761,079.

Mr. FULTON: In keeping with the spirit of cooperation displayed this afternoon, it is not my intention to embark on criticism of this item, but I would appreciate it if the minister would give some thought to methods by which treatment in hospitals could be made more readily available to the veterans. I have in mind the Shaughnessy hospital at Vancouver. A common complaint there is that the men are kept lining up for sometimes two or three days, and the men themselves say sometimes weeks, without actually getting to see a doctor. Then an appointment is made for a certain day. The veteran goes to the admitting office and is told to go over there or to sit down here, and he may stay there for some days. The generality of this complaint leads one to the thought that there must be a shortage of staff in these hospitals which gives rise to this condition. I know that in that hospital most if not all of the doctors are veterans, and I am quite certain they would not willingly keep any veteran waiting. It must be a shortage of staff, and when one looks through these items and sees the salaries that are paid to these doctors one finds a possible explanation of the shortage. I think the same condition exists with regard to the nurses in these hospitals. I know that some of these hospitals have had the greatest difficulty in getting doctors and nurses, and some effort was made to solve that problem by seconding medical personnel from the armed forces; but now the medical personnel in the armed forces are trying to get out of the armed forces as fast as they can. Would the minister make some comment on that and say whether the salary position is responsible for the shortage and whether, in that case,

any increase will be made in the salaries to make service in these hospitals more attractive to the best class of medical personnel.

Mr. MACKENZIE: About six or nine months ago the remarks of my hon. friend would have been abundantly justified, but since then we have reorganized the whole medical services of the Department of Veterans Affairs under the able and, may I say, brilliant direction of Brigadier Warner. The salaries of the doctors are being raised. That was one of the problems that we have had for the last twenty-five years, and my hon. friend is quite correct in what he said on that point. The salaries of the doctors who were working for pensions and national health were far too low, but now we have the whole medical fraternity in Canada united with the department. We have the family doctor scheme; we have consultants; we have specialists; and the salaries have been raised to a maximum of $7,200. Formerly it was approximately $4,200. So that the problem which my hon. friend has quite properly mentioned has been met.

Mr. SENN: In almost every locality throughout the country there are local doctors to whom the veterans go for treatment, and I have heard complaints that the scale of fees provided for these doctors is altogether too low. Is anything being done to see that these doctors receive fair remuneration for the work they do for the veterans?

Mr. MACKENZIE: Yes. Within the last few weeks the scale of fees of the local or family doctors for home calls, office calls and hospital visits has been revised substantially.

Mr. MacNICOL: Does this item of treatment services cover the veterans of the first great war?

Mr. MACKENZIE: Yes.

Mr. MacNICOL: When a veteran who suffered from gas in the first great war continues to be sick and requires treatment and medicine, does he have to pay his local doctor for treatment, medicine and so forth?

Mr. MACKENZIE: If he is a pensioner he does not have to pay for treatment. In any event, he may obtain domiciliary care in a departmental institution.

Mr. MacNICOL: I know one veteran who, from my own observation, is greatly afflicted with a lung condition. He gets a very small pension of $21 or $22 a month, which is wholly inadequate, for he is unable to work except very occasionally, and his whole pension goes into medicine. Under the new veterans legislation will he be qualified to obtain medicine free?

Mr. MACKENZIE: He is entitled to a hospital allowance at any time when receiving treatment for a pensionable condition.

Mr. MacNICOL: Is he entitled to free medicine?

Mr. MACKENZIE: He can get treatment and hospital allowances when being treated for a pensionable condition.

Mr. MacNICOL: Can he get free treatment at home?

Mr. MACKENZIE: No; only in a hospital or in one of our institutions for domiciliary care.

Mr. MacNICOL: If he stays at home he is not entitled to free medicine?

Mr. MACKENZIE: He can obtain medicine while on out-patient treatment for pensionable condition if he does not want to go into the hospital.

Mr. MacNICOL: If he went as an out-patient would he get medicine free?

Mr. MACKENZIE: Yes, absolutely free.

Mr. CARDIFF: In the case of doctors serving in military hospitals, are they paid a salary or fees, or how are they remunerated?

Mr. MACKENZIE: They may serve on salary, or they may serve part time on fees.

Mr. FULTON: I should like to take this opportunity to make a brief reference to the work which is being done at the paraplegic centre in Toronto called Lyndhurst. The men at that institution are such as prior to this war and even during the war until very recently would be condemned to be bed-ridden for the rest of their lives. I am not qualified to discuss the medical aspects, but I have been there and seen the work done. The patients are men who have suffered spinal injuries during the war and who, I am told, until this school was established and the treatment made available, might have lived for some three to five years, but within a very short time would have died, and in the meantime would have been completely bed-ridden and helpless. Under the direction of Lieutenant-Colonel John Counsell, who is himself a paraplegic, a start has been made with special reference to veterans. They took over the large home at Lyndhurst and have a centre there which, I believe, the Department of Veterans Affairs is supporting very generously at the moment. Some tribute should be paid to the work which is being done there, because these

ex-officers and men whom I have seen are able to get themselves out into their wheel chairs, move themselves around, in some cases even get themselves into and out of cars and taxis, and generally lead a life which, of course, is not a normal life but enables them to look after themselves much more than formerly they could do. I believe there is some trouble in that this centre is anxious to extend its work to include all paraplegics, veterans and others. It is the only existing centre in Canada for that work, and I understand that they have made representations that non-veterans cases be allowed in that centre, to receive the same treatment, and that the work be extended. I wonder if the minister could say whether consideration is being given to that or not, and also, when he makes a statement on it, if he would cover the point in connection with the amount payable by these veterans for their wheel chairs. I regret that I overlooked the facts when the Customs Tariff Act was being discussed. These chairs are manufactured only in the United States; they are a special type, of light aluminum construction, and collapsible, so that the veteran can easily manoeuvre the chair, and when he gets into a car or taxi the chair is capable of being folded up and put in the back trunk. It is not manufactured in Canada; it has to be imported from the United States, and duty is payable on it. I intended to raise this matter when the Customs Tariff Act was before the house and ask that these chairs be exempted from duty. Perhaps the minister would bring it to the attention of the Department of Finance with a view of having these chairs exempted from duty.

Mr. MACKENZIE: I thank my hon. friend for his remarks. I, too, have been through Lyndhurst Lodge. In regard to the wheel chairs, they are purchased and maintained by the department.

This institution for paraplegics is founded upon Mill Hill, in England; and the results have been simply amazing. Perhaps I should give one or two figures to the committee. It is only a small place, with a bed capacity of thirty-seven. At present there are twenty-eight paraplegic patients. The total number of patients who have been to the lodge is sixty, of whom thirty-nine are now out doing useful work or at school. A very limited number of civilian cases are being admitted on a repayment basis from the provincial government. One such case is at the lodge at the present time.

I think a visit to this place is one of the most encouraging experiences in the world. Men who were completely paralyzed and wholly disabled—at least sixty per cent of them—are now back at work.

Mr. FULTON: My information is at variance with the minister's. I was told that they had to pay for their chairs themselves, and that is why payment of the customs duty is important. If there has been a change recently I am glad to hear of it.

Mr. MACKENZIE: Not veterans. That may be true of civilian patients, but not a single veteran has to pay for or maintain his wheel chair. He never has.

Mr. CHURCH: The vote for this particular item, treatment and services, is one of the utmost importance to soldiers and their dependents. Wide additions have been made in the several bills which were passed relating to this matter. The efficiency of our doctors and nurses in the last war—a matter to which I referred the other day in connection with one of the minister's bills—has been greatly increased in comparison with the first war, although it was splendid then. But there are some features of this treatment affecting outdoor patients and others who come under the scope of the several bills which call for attention. One or two expenditures are not included in the new bill. I understand it is the policy of the minister to apply this particular item to additional services. Will soldier's families and the dependents as well be included? There is some provision for dependents in one of the bills. One cannot but think of all the universities have done in connection with this item, the rapid strides in science, medicine and surgery which have been made, and the large numbers of doctors and nurses whose services in our hospitals here and overseas form a most commendable feature of this legislation. Do not forget that but for the veterans who enlisted in this war we should have had all the horrors of war on our own soil, in Ontario and Quebec and the other provinces; and the best treatment the minister can give these veterans and their families is none too good for them.

I appreciate what has been done by the universities to assist in connection with our Sunnybrook hospital, upon the erection of which about $18 million will be spent. It is going to be an important institution, and special types of cases from all parts of Ontario and other parts of the country are being dealt with. I notice that the cost of the furniture and many other items for this hospital is being contributed voluntarily—a most commendable feature. I do not see that

being done in other hospitals throughout the country. Large amounts of equipment, including chairs for amputation cases and many other features which will add to the comfort of the patients, are being collected, and something is being done for the benefit of outdoor patients. I think a general principle should be applied with regard to the treatment of these cases and the provision of these services.

In addition, I find that there is much complaint from some of the soldiers' families and some of the inmates about the lack of treatment, and the equality of service provided under this item, which I hope will be applied to all who served, in addition to the imperials.

I was very much surprised at the action which was taken this morning as announced by one of our ministers. I appreciate that it does not come under this item, but let me say that it is going to cause wide disunity in this country, and I do not know of anything which will lead to more trouble than this order in council. It should be repealed and annulled.

Mr. MACKENZIE: My hon. friend mentioned treatment for dependents. There are treatment allowances for dependents, but not treatment as such.

In regard to the Sunnybrook hospital, we intend to move patients in there immediately, with a gradual infiltration of patients as the construction and establishment of staff develop to completion.

Mr. McLURE: I hesitate to say even a few words since I am not a veteran of either the first or the last great war. But at this time I should like to refer to something which has been in my mind on other occasions when veterans matters were before this house. In my humble opinion, of all committees dealing with veterans or other affairs which have ever worked in this house, no committee, from my experience of it, deserves as much credit as the veterans committee which we have had this session. They certainly did good work; they had in mind only one thing, as far as I could see from their reports, and that was to do everything possible in the interests of the veterans of both wars. After saying that, I have no criticism to make, but I would point out to the minister that in our province the situation is rather different from that in other parts of the dominion. As the minister knows, he gave us a grant for two hospitals there. These, of course, even when the buildings are completed, will not be quite sufficient to accommodate the veterans who are seeking hospitalization, and when the veterans have to go to the other provinces the inconvenience is great not only to themselves but also to their relatives at home. If from time to time we appeal to the Minister of Veterans Affairs in special cases, all I am asking for at the present time, without any criticism whatever, it that he will look into our isolated conditions there.

Mr. MACKENZIE: May I thank my hon. friend and assure him that I hope to carry out an intention of long standing, to visit the beautiful island in the gulf in the near future, when I shall look into all these problems.

Mr. McLURE: You will be welcome.

Item agreed to.

448. Prosthetic services, $817,758.

Mr. HARKNESS: It used to be the situation, and I should like to know whether it still is, that veterans who were deaf were supplied with hearing aids. They had to take the particular hearing apparatus supplied, whether it suited them or not. The department used to maintain that it was good and they had to take it or do without any. Some of these men contended that while it might be suitable to others, it did not meet their needs. They want to have the regulation changed so that they can get the particular type of apparatus that suits them. Can the veteran now do so?

Mr. MACKENZIE: Yes. About eighteen months ago, we began to get this type of appliances for deaf veterans. At that time we supplied the Zenith appliance. We have a specialist from the deaf themselves, as in the case of the blind and the amputation cases, and if the specialist is not satisfied with the standard apparatus he can choose another.

Item agreed to.

452. Veterans insurance, $143,540.

Mr. HARKNESS: This vote is for $143,000 which appears to be for administration, having nothing to do with any losses there may be by reason of premiums being small. How many policies are in force and what are the amounts? This is a fair-sized item, and I have been wondering to what extent the veterans have taken advantage of the insurance clause, and how many policies have been actually issued.

Mr. TUCKER: Business as of June 30, total number of policies under veterans insurance, 6,599; total amount, $19,693,000.

Mr. HARKNESS: Well, 6,599 policies would not seem to be very many in connection with this item of $143,000 for administration. One aspect of this division about which I am curious is advertising and publicity, $50,000.

What form does that advertising take and what good does it do? Is it necessary? I have seen none of this advertising and, as a veteran, I should like to know in what form it was put out, whom it was sent to, and the details along that line. I doubt whether it is a necessary expenditure.

Mr. TUCKER: For the most part it has taken the form of information booklets that were put out to all the troops and issued from time to time. With further reference to veterans insurance, the number of policies, as I have said, was 6,599; 84 declined, 108 withdrawn, 741 pending, actual business in force, 5,666, and the total amount, $16,705,000. That is at June 30 last. The advertising largely took the form of issuing pamphlets, giving tables of rates and so on.

Mr. HARKNESS: How many pamphlets were put out and to whom did they go? I did not get one. It happened to be a subject that I was interested in because I considered taking a policy.

Mr. TUCKER: They are made available to everyone from the service and there are inquiries coming in all the time.

Mr. HARKNESS: How many were put out?

Mr. TUCKER: We have not the exact figures but we will get them and furnish them.

Mr. McKAY: This item is one we can definitely commend the department for instituting. Does the government handle all these policies themselves as straight government policies, or are any policies underwritten by the ordinary companies?

Mr. TUCKER: They are our policies.

Item agreed to.

Payments to or for veterans and dependents—

453. European war pensions—world war I, $37,500,000.

Mr. FULTON: This is the first item dealing with pensions, and I wish to raise the question of making available to pensioners some extra payment in recognition of the increase in the cost of living. I have seen correspondence between the minister or officials of the department and those who raise the question, and the answer given by the department is that when the pensions were first instituted they were found to be not sufficient and a cost of living bonus was added thereto between the years 1919 and 1925. In 1925, although I am not quite certain of the year, this cost of living bonus was incorporated in the pension itself, and the answer is given that there is already an increase in the basic rates to take care of the increased cost of living. I do not think that is strictly accurate, because it must be admitted that the cost of living has recently increased over the period before the war, and in the case of civil service salaries that increase has recently been recognized in the form of cost of living bonus which is now incorporated in the civil servant's salary. In the same way these pensioners feel that they should have a cost of living bonus. In their case it is more important than in the case of civil servants or anyone who is not a pensioner. The reason is that a pensioner, because of his disability, is less able to increase his earnings to take care of the increase in the cost of living. He is getting a pension because he is disabled, and because he is disabled he cannot go out and get extra work or look for a new job at higher wages. So that many of these men are finding themselves in actual hardship because of the increased cost of living. I know the Canadian Legion has brought this matter to the attention of the department, and I should like to know the attitude the minister takes.

Mr. MACKENZIE: My hon. friend is making himself thoroughly popular, of course, and I am going to make myself thoroughly unpopular in my reply. In 1919 a bonus of twenty per cent was authorized for the basic rate of pension then in force, $600 per annum, bringing the rate of pension for total disability to $720 per annum. The cost of living index was then 126·5. In 1920 the bonus was increased to fifty per cent, making the rate of pension for total disability $900 per annum. The cost of living index was then 145·4. This rate remained in effect until 1925, when the bonus was incorporated into the rate of pension, which has remained the same ever since, namely $900. The cost of living index in 1925 had been reduced to 119·8. According to the latest available information, the cost of living index as at July 1, 1946, was 125·1 as against 145·4 in 1920.

Mr. BROOKS: In 1920 did they have the same basic year they had in 1946?

Mr. MACKENZIE: These varying rates in the cost of living index are supplied by the bureau of statistics from year to year. I have given several years; I mentioned 1919, 1920, 1925 and then 1946.

Mr. BROOKS: But may I ask what is the basic year for the 1920 figure?

Mr. MACKENZIE: The bonus was increased to fifty per cent, making the rate of pension $900 per annum. The cost of living index was then 145·4.

Mr. FULTON: But when we are discussing the basic rate of $900 per annum, it should be made clear that this amount, which is $75

a month, is the maximum pension; that is to say, the pension for total disability. A man who is 100 per cent disabled gets $75 a month.

Mr. MACKENZIE: A single man.

Mr. FULTON: Yes. I do not think this thing should be looked at from the point of view of—

Mr. MACKENZIE: Of course, if he is totally disabled he may have some allowance for helplessness as well.

Mr. FULTON: Yes, if he requires a full-time nurse. The point is that the pension for 100 per cent disability is $75 a month. I do not think this thing should be looked at from the point of view of whether we are going to make ourselves good fellows or bad fellows, or popular or unpopular. If the minister thinks I am doing this to make myself popular I can only say the government must have added the cost of living bonus to the salaries of civil servants in order to make itself popular.

Mr. MACKENZIE: I am informed by my colleague that the cost of living basic index is based upon 1913.

Mr. FULTON: That is not relevant to what I am saying at the moment. I think this matter should be looked at from the point of view of whether or not a man can support himself on the scale of pension he now receives. I do not think it can be said that $75 a month is over-generous for a man who is 100 per cent disabled. The point I was making was that if the cost of living goes up, these disabled men suffer more than a person who is not disabled, because by reason of their disability they are less able to make casual earnings to take care of the increased cost of living. The minister in his answer has referred to the points which I said had already been raised in reply to the representations from the legion, and I take it that is the final decision, that there will be no increase to offset the higher cost of living?

Mr. MACKENZIE: There is nothing final in the mysterious processes of government.

Mr. CHURCH: I want to ask whether any money is provided under this item for imperials. Some of these men have been living here for thirty years. When the first great war broke out they went overseas and enlisted of their own volition, though they were Canadians then and have been ever since. I should like to see some provision made for hospital treatment for themselves and their families, and as to rate of exchange in pay. Some of them are in very bad condition; it is almost pitiable to see them. Here we are spending all these millions; and the people who went to fight in the first war, even though they were imperials and even though many of them have been living in Canada for forty years, get nothing.

Mr. MACKENZIE: Again being unpopular, I must abide by the principle I have always maintained, that unless these imperials were domiciled in Canada before they served with the imperial or other forces, they should not have precedence over Canadians who were born in this country and who do not get these benefits. We have quite a number of Canadians who went to England but through no fault of their own were not able to get to France; that was during the first war. Unless they are pensioners they do not qualify for the war veterans' allowance; and I think this committee must deal with them and give them recognition before any others who come from any other country, no matter how gallantly they have served the empire, are given these benefits which our own Canadians do not get. I have taken that stand consistently, and as long as I am head of this department I intend to abide by it. I realize it is not popular, but I think it is right.

Mr. CHURCH: If they had deserted they would have got a gold watch and an illuminated address from this parliament.

Mr. MacNICOL: In the riding of Davenport we have quite a number who, I suppose, would come under the heading of imperial soldiers; they were soldiers before they came here prior to 1914, and lived in that riding for four or five years.

Mr. MACKENZIE: Then they were domiciled here and they are protected.

Mr. MacNICOL: But when the war broke out they went to England and enlisted.

Mr. MACKENZIE: They are protected.

Mr. MacNICOL: As long as they were living here before the war?

Mr. MACKENZIE: They are treated the same as Canadian if they were domiciled here in 1914, before going to war. They are protected.

Mr. MacNICOL: Even if they served in the imperial forces?

Mr. MACKENZIE: Yes, absolutely; or in the allied forces of His Majesty.

Mr. HERRIDGE: As the minister no doubt knows, a new type of cheque is being issued to pensioners, made of a sort of semi-cardboard, which is quite stiff and which bears a notice saying, "Do not fold." This means it is not possible for a man to put the cheque in

his pocketbook. I have had a number of complaints in this connection, and I should like to ask the minister whether these complaints are general, to his knowledge.

Mr. MACKENZIE: I am glad to hear that complaint from my hon. friend. I understand the cheque in question is not issued by the Canadian pension commission but by the treasury as such.

The CHAIRMAN: Shall the item carry? Carried. Item 454. Carried. Item 455. Carried.

Mr. MacNICOL: Mr. Chairman, you are calling these items after six o'clock.

Mr. BROOKS: They are not carried; it is after six o'clock.

The CHAIRMAN: It is just six o'clock. I was so interested in having the items carried that I neglected to look at the clock.

Mr. MacNICOL: The last one carried is 453.

The CHAIRMAN: I should like to make it clear that after eight o'clock we shall start with item 456. Is that agreed?

Mr. McKAY: No; 455.

The CHAIRMAN: Very well; at eight o'clock we shall start with item 455.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Payments to or for veterans and dependents—
455. Unemployment assistance, $100,000.

Mr. McKAY: Is this what we normally call out-of-work benefits?

Mr. MACKENZIE: No.

Mr. McKAY: If not, will the minister explain the item, and also indicate the number who received assistance last year, and to date this year?

Mr. MACKENZIE: This has nothing to do with out-of-work benefits. This is an old vote which, if my memory is correct, was established in 1932 to meet unemployment conditions prevailing at that time in connection with those in the various branches of the department across Canada who needed assistance. It was our hope that it would be abolished, but unfortunately we have not yet been able to have it abolished, with the result that, to a certain extent, it still exists.

[Mr. Herridge.]

Mr. CHURCH: Does it now include any amount for unemployed soldiers? I notice that the mayor and board of control of Toronto have been complaining about the large number of soldiers there out of work.

Mr. MACKENZIE: It is definitely designed for unemployed pensioners, and only for unemployed pensioners.

Mr. CHURCH: They say unemployment among them will be worse next winter.

Item agreed to.

Payments to or for veterans and dependents—
456. Hospital and other allowances—world war I, $750,000.

Mr. McKAY: Why is there an increase in this item? It would seem to stand to reason that there would be fewer veterans qualifying now than there were a year ago.

Mr. MACKENZIE: I am informed that there is a gradual increase, and that this is to be expected on account of the age of a number of the pensioners from world war I receiving treatment in our hospitals.

Mr. McKAY: They would all be cases of pensioners?

Mr. MACKENZIE: Yes.

Mr. BROOKS: I should like at this point to refer to Mr. Walter Callow in Camp Hill hospital, Nova Scotia. I should imagine the minister has received some communication from him. This man has been absolutely crippled, and is blind; they call him the stone man. He cannot move. But, as I remember, through his efforts some thousands of cigarettes were obtained for soldiers overseas.

Mr. ISNOR: Millions.

Mr. MACKENZIE: Hundreds of thousands, probably millions.

Mr. BROOKS: Mr. Callow has designed a carrier for wheel chairs for the purpose of taking crippled soldiers to sports events. Has the department in any way encouraged him in this matter? The other day I noticed in a United States paper an article which said that they were designing carriers to take their helpless patients to such events. I was wondering whether our department had considered Mr. Callow's suggestion.

Mr. MACKENZIE: I believe I know Mr. Callow as well as most people do, and I know he has been doing marvellous work for the last twenty or twenty-five years. However, those who are in charge of the paraplegic curative treatment do not consider the chair he has designed to be the most effective.

Mr. BROOKS: It is a carrier, not a chair.

Mr. MACKENZIE: What is required is a chair which can be placed in an automobile. Although they are most grateful to him for the work he has done, they do not at the present time recommend the design he has submitted.

Mr. BROOKS: I do not know that Mr. Callow has asked the government to assist. He has been seeking private donations, I believe; whether he has made application to the government for assistance, I cannot say.

Mr. MACKENZIE: None.

Mr. ISNOR: I am glad the hon. member for Royal has mentioned Mr. Callow. On more than one occasion I have gone on record as advocating every possible assistance to him. I believe, too, that the hon. member for Peel has added his word to those of other hon. members. I sincerely trust that the minister will give every possible consideration to this veteran, not only because of his physical condition, but because of the splendid effort he put forth during the recent war to help make easier the lives of those who, like him, have been disabled. In addition, he performed splendid work by providing cigarettes by the millions for those overseas.

I would suggest that we could provide him with more suitable quarters at Camp Hill. I know the minister has had this matter under his personal supervision, and has been sympathetic toward it. May I point out that there is an office at present not occupied which this veteran could use to further the cause which he has supported.

Mr. MACKENZIE: I shall be glad to take that into my personal consideration at once. As regards the design which has been submitted, the official finding of the department—rightly or wrongly—is that we require folding, collapsible chairs, which will go into the ordinary motor car. His design is somewhat different, but the matter is worthy of further consideration.

Mr. TUSTIN: Perhaps I should have asked on an earlier item the question I am about to ask. However, I would point out that I have received letters, mostly from veterans of world war I, who are receiving partial pensions, requesting that they be given a cost of living allowance. I could bring a number of cases to the minister's attention. I might refer to one case of a man, the father of four or five children, who is receiving a thirty per cent disability pension and who is unable to work for more than twenty-five per cent of the time.

Pensioners in that position are having a difficult time to get along these days, and in view of the fact that almost every other department is receiving a cost of living bonus, I was wondering if the minister had given consideration to extending that cost of living bonus to pensioners in world wars I and II.

Mr. MACKENZIE: It is difficult to give a decisive answer on a question such as has been asked by the hon. member. If the pension is inadequate, the pensioner can apply for a war veterans allowance, and thereby augment the assessment to meet living conditions.

Mr. BLACK (Cumberland): I should like to add to what has been said by the hon. member for Royal and the senior hon. member for Halifax with respect to Mr. Walter Callow. Mr. Callow comes from my constituency of Cumberland and has been hospitalized since the last war. I believe that he has suffered as greatly as anyone who came out of that war. Those who have had contact with Mr. Callow's work know he has done wonderful things since the last war, and especially during the period of this war. Not only has he assisted in securing funds for cigarettes, but he has suggested a major government policy with respect to hospitalization. He proposes that more attention should be given to improving the equipment in local hospitals as opposed to concentrating on the larger hospitals in cities such as Halifax, Montreal, Toronto and other places. He feels that the returned men would get better attention and be much happier if they were accommodated in the smaller hospitals rather than all being concentrated in the larger institutions. I am very much in sympathy with the policy proposed by Mr. Callow, and I hope that the minister will give it more attention from now on and carry it out, if at all possible. It would be a good thing, not only for the returned men but for the smaller hospitals which are struggling to carry on with their very necessary operations.

Mr. MACKENZIE: I shall be very happy to look into the matter.

Item agreed to.

Payments to or for veterans and dependents—

457. Gallantry awards, $60,000.

Mr. McKAY: What are the benefits given with these different awards?

Mr. MACKENZIE: The total awards granted were 2,225, and the details follow:

	Deceased	Discharged	Promoted since award	Awaiting Promotion or discharge	Authorized as senior N.C.O.	Total
V.C.	2	2	....	....	....	4
D.F.M.	56	79	371	6	....	513
With bar	..	..	1	....	....	...
D.F.C.	14	52	147	....	....	214
With bar	..	..	1	....	....	...
C.G.M.	1	3	9	....	1	14
D.C.M.	11	124	7	15	....	158
With bar	..	..	1	....	....	...
M.C.	3	5	....	1	....	9
D.S.M.	2	75	....	34	....	112
With bar	..	..	....	1	....	...
M.M.	78	1,049	6	60	....	1,201
With bar	...	7	1	....	....	...

Mr. McKAY: I appreciate that information, but it does not answer my question. I wanted to know what decorations carry cash awards and what amounts are granted.

Mr. TUCKER: First, there is the Victoria Cross which carries a $50 per annum award from the date of the act of gallantry for which the award was granted, plus $25 for each bar. This is paid to all ranks below commissioned rank. This may be increased to $375 per annum if the recipient, through age and infirmity or from causes beyond his control, is unable to earn a livelihood. The gratuities paid in the other decorations are as follows:

D.F.C.	$100
D.C.M.	100
D.F.M.	100
C.G.M.	100
M.M.	100
D.S.M.	100

These are not payable if the recipient is of commissioned rank. If the recipient is awarded a disability pension he receives 12½ cents a day in lieu of gratuity.

Mr. McKAY: The only decoration that carries a yearly benefit is the Victoria Cross?

Mr. TUCKER: That is correct.

Item agreed to.

Payments to or for veterans and dependents—
458. Widows' compassionate allowances—world war I, $1,800,000.

Mr. KNOWLES: I realize that this matter has been discussed this year both in the committee on veterans affairs and also when the bill amending the War Veterans Allowances Act was before the house, and I suppose we have obtained from the government about all that we can hope for this year. However, I feel that this item should not be allowed to pass without some of us stating again to the minister and to the government that we hope next year the amounts paid under these allowances will be raised to at least $40 per month. I hope the minister will continue to give his sympathetic consideration—and I hope it will produce results—the other requests made by and on behalf of these widows. Without excluding the others, I refer particularly to hospitalization because that is one thing they are vitally concerned about. I urge that something be done about this matter at an early day.

Mr. MACKENZIE: I do not usually agree with my hon. friend, but I would point out that this vote is for $1,800,000, and it was all done in the last year largely, if I may say so, through the advocacy of the hon. member for Davenport, of the hon. member who has just spoken and, of course, because of the sympathy and generosity of this house.

Mr. MacNICOL: What is the annual payment per month?

Mr. KNOWLES: $31.40 per month; try to live on that.

May I ask again if consideration is being given to the question of hospitalization?

Mr. MACKENZIE: At the present time and for some time to come we shall require all our hospital space for the men who have been fighting. Until the peak of this need for treatment goes down, we cannot give any consideration to providing treatment for anybody else.

Mr. KNOWLES: I am afraid the minister does not understand what these women are asking for. Many of these women are of an age when they have to be taken into hospitals, not those administered by the department but into civilian hospitals. The problem is one of allowances to cover expenses, not one of providing space in a departmental hospital.

Mr. MACKENZIE: I may be making myself thoroughly unpopular this evening, but I say I am against that until the soldiers themselves are completely looked after.

Mr. BLACKMORE: I do not know whether the minister at any time during the discussion has given the committee a statement of the government's policy with respect to widows of non-pensionable war veterans and, if he

has not, I should like to have this. Many widows of veterans of the last war are in needy circumstances.

Mr. MACKENZIE: In the first place, certain widows are entitled to pensions as a matter of right. A year ago this house in its wisdom gave attention to what we call non-pensionable widows, and we are providing $1,800,000 in the present estimates for them. At the risk of being criticized, we say that we have been pretty generous.

Mr. MacNICOL: I do not think the minister should be criticized.

Mr. BLACKMORE: I do not think we can say we have been pretty generous. I have in mind a widow of a veteran who asked to go overseas during the last war but who was kept here. This man finally died as the result of injuries received. This widow has done everything in her power to raise her family and take care of herself. She is highly qualified for various kinds of work, but she is having the greatest difficulty in finding any work to do. I do not know that this committee can feel that it has been generous to the veterans of the last war so long as we leave widows of that kind to suffer around the country. I do not look upon ourselves as being generous at all. Of course there are those who say the government has no responsibility to them. But I think the country has, and that is why I am appealing to the Minister of Veterans Affairs. I was impressed, when this war opened, with the statement that was made in several places. I believe it was made first by a prominent official in New Zealand and then it was repeated by several officials in Canada, that no one should be any worse off because he went to war and no one should be any better off because he did not go to war. I think that is a pretty sound principle. A woman in this position is certainly worse off because her husband went to war, and I shall not feel happy about the matter until some policy is laid down whereby we can give more assistance to widows of this type than we are giving.

Mr. MacNICOL: I do not think we should let this item pass without saying a word on behalf of the minister. From the very beginning I supported this movement to give non-pensioned widows a pension which they richly deserve, and from the very beginning the minister has been sympathetic at all times to pensioning non-pensioned widows. If he had been opposed to it, we never would have got very far in our efforts for these widows, and so far as I am concerned I feel disposed to thank the minister on behalf of those I am associated with for having gone as far as he has. But, of course, like the hon. member for Winnipeg North Centre, I hope he will go farther by and by.

Item agreed to.

Payments to or for veterans and dependents—

461. Pensions, North West rebellion, 1885 and general, $15,000.

Mr. COCKERAM: How many of these pensioners are there?

Mr. MACKENZIE: Including the militia service pension and the additional allowance which this house has made in the last couple of years, there are 12,249.

Mr. COCKERAM: There are 12,249 pensioners of the North West rebellion?

Mr. MACKENZIE: That is militia pensions, plus our pensions.

Mr. CHURCH: I understood, when I was before the committee, that something would be done for the veterans who served in the North West rebellion in 1885. I understood that there was going to be a real clean-up this year of our debt to all these veterans who have served their country. They were the pioneers and predecessors of the present militia. They came from Halifax and the midland counties and from all over Ontario and the Ottawa district and the 90th of Winnipeg, and they have never got a cent except under the small amendment that was made last year. Last year's vote of $16,000 has now been cut down to $15,000 for "Pensions, North West rebellion, 1885 and general." I should like to know what is the distinction between the North West field force and "general". These veterans have been granted practically nothing, and it would be almost better to strike out the item than to continue the means test. I admit that an order in council was passed last session providing a very small sum of money for these veterans. They marched in the depths of winter, when it was thirty and forty degrees below zero, across the country around lake Superior before the Canadian Pacific railway was completed. They came from Halifax, the maritimes, Ontario, Winnipeg, to the defence of the prairie provinces and they were responsible for this country not being dislocated. They have been forgotten from 1885 down to to-day, except for a small grant of land hardly any of them ever see. A very small vote was put in the estimates last year, and I give the minister great credit for that, but the way it was applied it did not mean very much, if anything. It would have been far better to strike it out altogether than to apply the means test to these people. The test is well named. They should have received

the same allowance as the South African veterans got as a right, not as charity. I have been told the reason why they were not treated the same. I do not like to say what the reason is, but I have been told some of the reasons.

I pleaded with the select committee for these veterans, and I want to give credit to that committee, which included members from all sides of the house, for the various bills as to veterans which they recommended to the house. That committee forgot about party politics in the nine bills and they seem to have forgotten all about the North West rebellion. There is no reference to it in the eight or nine veterans bills that passed this house. Why are these men discriminated against?

I met the widow of one of these veterans the other day. She is getting about $29 a month in old age pension. Under this vote she would have been entitled to $39. She wrote me about the matter and I told her to stick to the old age pension since they were to deduct from the $39 the $29 old age receipts. The result was that she got nothing for 1885. Her husband was one of the finest members of the press in Canada.

It is no credit to our country so to forgot these veterans and to leave these people to the municipalities. That is where they are left, and they get put out of their homes. I know one veteran who lost his books, his desk, his household goods and everything. His house was sold and he never got a nickel. These men had a reunion in June, 1945, on the anniversary of their enlistment. It is a mean way for parliament to treat these men when we are voting $51,000,000 on these various other items for veterans and dependents. I am surprised that members from the other provinces of Canada do not rise and speak on behalf of these veterans. Many of them came from Halifax in the maritime provinces, and they were known as Haligonians. Many of these men are living to-day and they are not in good circumstances. Others came from the other provinces. We owe a debt of gratitude which is long overdue to these people who did so much for the prairie provinces in 1885 before the Canadian Pacifc railway was completed. They should have more supporters than they have in this house when this item is called. The hon. member for Peel has been a very warm friend of these men. He has veterans of the North West rebellion in his riding, as have the Toronto members. But outside of him, the hon. member for Davenport and the hon. member for York South, we hear little from other members in favour of these veterans. The means test is well named. It is mean to use the veterans of this country in this way. They are the men who built up the militia in Canada from 1885 on—the old Grenadiers, the Queen's Own, the Body Guard, commanded by Colonel Denison, the Midland Battalion. Tributes and assistance for these men are long overdue. They were the very back-bone of our present militia, and their sons and grandsons served in the South African war and the two great wars.

Mr. MACKENZIE: I must take emphatic exception to my hon. friend's remarks in regard to these old veterans. I have found out that 114 veterans, as a result of what this house did during the last two years, are drawing $54,000, and forty widows are drawing $13,000. In regard to the regulations for the veterans allowance, they are exactly the same for them as they are for those who fought in the first great war. So that I do not think we have been unkind. The total annual obligation arising from what we did here last year is $66,877.

Mr. GILLIS: I am not going to talk about the Riel rebellion. There are two matters to which I was going to refer under pensions. Unfortunately I was in the industrial relations committee and did not get the chance, so that I should like to say a word on them here.

The first is the matter which I discussed with the pension committee back in 1940. It has reference to a woman divorcing her husband in the United States; he resides in Canada. In this case, after the man was divorced in the United States he re-married in Canada, supposing that he had been legally divorced. He obtained a licence and was married in a church. The woman lived with him for twenty-six years. He died last year. Despite the fact that she went through all the legal machinery provided in Canada, including a church wedding, in marrying this man, the Pension Act is such that it is held that she was not legally married to this man. I raised the matter on several occasions. I discussed it with the former Minister of Justice, the late Right Hon. Ernest Lapointe, back in 1940 and 1941. He said it might necessitate a change in the divorce laws of Canada and, the war then being on, they did not want to disturb the existing machinery. At this session in the veterans affairs committee the matter was discussed briefly, and I thought that, where there were extenuating circumstances such as I have just described, the commission would be given sufficient latitude to adjudicate a matter of that kind. So I wrote the chairman of the commission and

he searched the records, and concluded that no latitude was given the commission. That case still stands in abeyance. I was wondering whether the minister could not devise some ways and means of qualifying that widow for a pension. The pensioner with whom she lived had a seventy-five per cent disability. Now that he is dead, she is left at the mercy of the world.

Mr. TUCKER: Is the hon. member referring to the Adams or the Mackenzie case?

Mr. GILLIS: The Adams case. The Mackenzie case is only brief; it has to do with an old soldier who, having remarried in 1944, finds that he can not include his wife in the pension. He is practically living on her. Is there anything we can do about that?

Mr. TUCKER: First of all, in regard to the Mackenzie case, as the committee will remember, this question of a deadline was thoroughly discussed in the pension committee and it was decided, and affirmed by this house, that in the case of a marriage after the first of May, 1944, no pension could be given with respect to that wife or widow; however, if the marriage took place before that, and children were born after that deadline, a pension should be paid in respect of them. At the present time there is no way in which Mr. Mackenzie can get a pension in respect of his wife, or his widow if he should unfortunately pass away.

Mr. GILLIS: I merely used that case as an illustration. It is a general problem.

Mr. TUCKER: Of course, as the law stands at present, the commission is bound by that. The Adams case is the case where this gentleman was domiciled in Canada, and was married; his wife abandoned him and went to the United States and divorced him in the state of Vermont, I understand, on grounds which would not be recognized as valid for a divorce in Canada. So the situation is this, that in the first place the divorce was not valid in Canada because the divorce at that time had to be based on the domicile of the husband, and if the woman had tried to get the divorce in Canada she could not have got it because there were not grounds. Then this gentleman married somebody else after his wife had divorced him. At any time he could have got a divorce in Canada on the basis of what his wife had done, but he did not choose to do it, so that his marriage was not valid in Canada.

Mr. GILLIS: Well, why was he not arrested for bigamy? He lived for twenty-six years with that woman.

Mr. TUCKER: That, of course, is another question; it is a matter of the criminal code. Nevertheless, the marriage was not valid. The committee may be interested to know why we adhere to that view. We do so because, if we permitted people to go away and get divorces which are not valid in Canada, and come back to Canada, we might have disputes in respect of several wives. The question is, which wife would you recognize, unless you go by the law of Canada?

Mr. GRAYDON: Are you not getting into a bit of trouble here?

Mr. TUCKER: No, I am not. I am being very careful, and trying to point out why the law is not changed. Generally it is the husband who leaves and goes to the United States and gets a divorce which is not valid in Canada; then he comes back to Canada and marries here. Of course, under Canadian law his first wife is his lawful wife; but if you decided, regardless of the law of Canada, that you would pay a pension with respect to the second wife, you would have the first wife and perhaps her children left in a difficult position. So we felt that the only safe way to go is by the law of Canada as regards whom our law recognizes as his wife and children. No doubt it leads to difficult cases, which we recognized in the committee, and it is unfortunate that there is not some way of taking care of these cases where there is good faith, where the woman marries thinking she is going through a valid marriage, for, of course, it makes it very difficult. I hope that some way will be found to take care of these real good faith cases without having to enter into the more difficult field of complicated matrimonial relations.

Mr. GILLIS: I agree with the parliamentary assistant as to his general premise; but in the Adams case I do not think it is applicable, because, to begin with, Adams' wife deserted him while he was overseas, and when he came back she was in the United States and had secured a divorce. He was a rank and file soldier, and not knowing all the legal machinery of the country he assumed he was single. He secured a licence from the government agency.

Mr. MacNICOL: Of what province?

Mr. GILLIS: Nova Scotia. He went to a church and he was married as legally as he could be. As to his securing a Canadian divorce on the ground that his first wife had deserted him and committed misconduct through her other marriage, the financial obligation enters the picture. He would require money; he would have to serve papers on her in the United States. That was probed

on several occasions, but financially he could not undertake that obligation, so that the matter slid along. I am not concerned about him; he has gone to the great beyond, but he leaves behind him a woman with whom he lived for twenty-six years.

Mr. GRANT: Any children?

Mr. GILLIS: No.

Mr. GRANT: Well, then, she is all right.

Mr. GILLIS: She is at an age to-day when she is something like ourselves, ornamental but not very useful. I am now making this suggestion to the minister, and perhaps this is the only case of the kind in Canada. I am reasonably sure that if the minister, the parliamentary assistant and the pension chairman got their heads together they could devise ways and means of granting a pension to this widow. I agree with the hon. member for Rosthern that you have to protect the people of the country against wholesale divorces and so on, but there is absolutely no doubt that there are extenuating circumstances in this case. Even if the minister would pass an order in council quietly—

An hon. MEMBER: Can that be done?

Mr. GILLIS: Even if he did that, and said that in cases such as the Adams case, taking that as a base—and I am giving the chairman of the commission administrative latitude if certain circumstances prevail—a pension will be granted, it would fix the thing up. I shall be keeping in touch with this widow because I certainly hope that the minister will do as I suggest.

Mr. MacNICOL: Under what item does the vote come for the South African veterans?

Mr. MACKENZIE: Under war veterans allowances.

Mr. CASTLEDEN: To come back to item 461, pensions in connection with the North West rebellion, I was interested in the minister's remarks with regard to the beneficent way in which the government had treated these chaps.

Mr. MACKENZIE: I did not use that word.

Mr. CASTLEDEN: Well, the minister implied that he had been very generous, that the department had spent a great deal of money. One of these chaps happens to live in my own town. I know him quite well, and for some time I followed the discussion with regard to the efforts that have been made by those concerned to get a pension for their service in the North West rebellion. That is exactly sixty-one years ago, and most of these chaps are over the age limit. They are now, to use the expression of my hon. friend the member for Cape Breton South, merely ornamental.

Mr. MACKENZIE: I was not here then.

Mr. CASTLEDEN: But the minister was here later on, administering the department when he could give a pension.

Mr. MACKENZIE: And I got it for them.

Mr. CASTLEDEN: When did it go through?

Mr. MACKENZIE: Two years ago.

Mr. CASTLEDEN: I remember the last day of the session when the minister rose in his place and announced with great gusto the fact that at last a regulation had been passed granting these noble veterans of 1885 a splendid pension to take care of them for the rest of their days.

Mr. MACKENZIE: I never used the words "splendid pension". That is only C.C.F. exaggeration.

Mr. CASTLEDEN: On arriving back home, I met this chap and I said to him, "You will be pleased to know that the Liberal government has seen fit to grant you people a pension for your services in 1885". He replied, "You know, they have been very good to me because I got that long envelope containing an intimation that they were going to give me a pension for my services in 1885; but, strange to say, I also received notification at the same time that my old age pension was being cut off because I was getting money from another source".

Mr. MACKENZIE: Who cut it off—the provincial government, the C.C.F.?

Mr. CASTLEDEN: The minister's own regulations did. If it is intended that these men shall get some special benefit, if the minister wishes to try to help them, he can pass regulations, or have them passed, to provide that the miserable pittance they receive shall not be assessable as income.

Mr. MACKENZIE: May I interrupt without being unkind? The treatment they have received is exactly the same as that received by the 24,000 battle veterans of the first great war.

Mr. CASTLEDEN: But they were not getting old age pensions.

Mr. MACKENZIE: They are all treated in the same way.

Mr. CASTLEDEN: Yes, but the others did not fall within the category of old age pensioners. It meant absolutely nothing to these men.

Mr. MACKENZIE: There is no difference in treatment.

Mr. CASTLEDEN: It is of no use at all to these men. The veteran of the first great war is not receiving an old age pension. This man at one time was receiving an old age pension and then is given a pension in recognition of services rendered in 1885, but if he accepts the one he has to do without the other.

Mr. MACKENZIE: It is $30 a month now, whereas before it was $20.

Mr. TUCKER: It is wrong to say that there is no advantage under the war veterans allowances. If he is a married man and even if his wife is not over 70 years of age, under this legislation he can get $730. He is permitted to have an income above that of $250, without affecting the allowance—

Mr. CASTLEDEN: $730?

Mr. TUCKER: Yes, and he he can get an income of $250 above that without affecting the allowance. He is permitted casual earnings of $125, an income from investments of $25 a year, and he is permitted to own a home worth $4,000, without affecting the war veterans allowance. That is much better than old age pension, as the hon. member knows, and when he says it is not an advantage he is saying something that is not correct.

Mr. CASTLEDEN: It made no difference to this man.

Mr. TUCKER: In the case of a single man, he can get $365 a year. He is permitted to have earnings of $125 above that, casual earnings of $125; he is permitted to have $25 a year from investments and a home worth $4,000.

Mr. CASTLEDEN: If he can earn it at the age of eighty-one.

Mr. TUCKER: I am saying that it is better than an old age pension and many people prefer to have the allowance rather than the old age pension. I do not think, therefore, that it can be said that the people who worked to get this advantage—and they knew what the terms were under which it would be paid—did not get something of an advantage, to the northwest field force veteran. I do not think it is fair to say that nothing was obtained for them.

Mr. CASTLEDEN: It certainly is wrong for the minister to claim that it was a piece of generosity. In this case it meant nothing.

Mr. MACKENZIE: Give us the concrete details of that case.

Mr. CASTLEDEN: I shall be glad to give it.

Mr. MACKENZIE: Give it to the committee now.

Mr. CASTLEDEN: The name is Caldwell.

Mr. MACKENZIE: I do not want the name. Give the committee the particulars of the allowances which that man had before and the allowance he received as a result of what the house did two years ago. I want the amount right now, because it is not true.

Mr. CASTLEDEN: I gave you the name.

Mr. MACKENZIE: I do not want the name but I do want the particulars. If my hon. friend makes a statement on the floor of the house, that we did not increase that man's allowances, I want to know what he was receiving previously under the old age pension, which was cancelled, and what he received through the act of this parliament.

Mr. CASTLEDEN: I shall be glad to give it.

Mr. MACKENZIE: I want it now.

Mr. CASTLEDEN: You have the case.

Mr. MACKENZIE: No; I want it now.

Mr. GILLIS: I think I understand the hon. member for Yorkton quite well. It works the same in all these cases.

Some hon. MEMBERS: No.

Some hon. MEMBERS: Sit down.

Mr. GILLIS: Listen—

Some hon. MEMBERS: Sit down.

An hon. MEMBER: A new leader.

Mr. GILLIS: Not at all.

Mr. CRUICKSHANK: I thought you were working for the widows.

The CHAIRMAN: Order. The hon. member for Cape Breton South has the floor.

Mr. GILLIS: This sounds like the industrial relations committee where, the moment you say something that may settle the strike, they all begin to shout about it.

Mr. MACKENZIE: Give us the facts.

Mr. GILLIS: The minister knows that what was given the North West rebellion people was a pension of $10 a month. These fellows are old; you have to be old to get the old age pension. He receives in any province in Canada $20 a month old age pension after he passes seventy years of age. This is the condi-

tion of these old heroes who stormed lake Superior, and I am giving the government credit for what it has done, because the matter was neglected for sixty years under similar governments. The present government decided to do something about the matter, and granted a pension of $30 a month to the old veterans of the North West rebellion. To the committee which came to that decision I give full credit; but immediately that happened the provincial government cut off the $20 a month old age pension, so that these old gentlemen benefited to the extent of $10 a month. That is the case in every province of Canada. It not only applies to pensioners of that class; it applies also to those under war veterans allowances, and it applied to the soldier in the service who made an assignment to his old father and mother. Immediately the assignment was made, the $20 was cut off.

Mr. GRANT: No.

Mr. GILLIS: Oh, yes. I could give you case after case of that, where the minute the pension was granted by the federal government for a son who was killed overseas, the old age pension was discontinued. That is something we shall have to iron out in this house some time.

Mr. GRANT: But not in the case of an assignment. It may be so in the case of a pension.

Mr. GILLIS: It was done in connection with pay and allowances, too, all over the shop. I had case after case; some I straightened out and some I could not. That is the long and short of the story. Through this government we granted them $30 a month; the provincial governments cut off $20, and they benefited to the extent of $10. I hope the veterans affairs committee will reconvene next session so that we may straighten out the provincial government in that regard.

Item agreed to.

Miscellaneous grants—

462. Last post fund, $100,000.

Mr. HERRIDGE: I have just a couple of questions in connection with this last post fund. Does the government accept any responsibility for the supervision of this fund? If so, does it appoint any of the officers? If so, what portion of this amount is spent in salaries?

Mr. MACKENZIE: We contribute $8,500 toward the cost of administration, and all the accounts are audited by the auditor general of Canada.

Mr. MacNICOL: How much is allowed in payment of a funeral?

[Mr. Gillis.]

Mr. MACKENZIE: $115.

Mr. MacNICOL: And that covers what?

Mr. MACKENZIE: During the last two years we have had a reorganization of the burial services in Canada. We have a director of military cemeteries who works together with the last post fund, the Canadian Legion and other military organizations. We are trying to assure sufficient accommodation. Last year we took over Beechwood cemetery here in Ottawa, and all across Canada we are trying to see that the accommodation is adequate and to make burials as reasonable as possible in regard to cost for those whose relatives are not possessed of substantial means.

Item agreed to.

Soldier Settlement and Veterans' Land Act—

464. Administration of soldier settlement, British family settlement, general land settlement and Veterans' Land Act, including engineering and other investigational planning and subdivision expenses that do not add tangible value to real property, $5,443,400.

Mr. LENNARD: I should like to refer briefly to a condition which exists in the Hamilton area and, I believe, is general throughout Ontario, in connection with the transfer of properties. I understand that all the legal work in connection with the transfer of property is being done by one very learned gentleman, Mr. W. C. Thomson, K.C., of Toronto, and that a serious bottleneck exists at the moment, with the result that veterans have to wait for months before they get the transfer of these properties. Recently an article appeared in the Hamilton *Spectator* relating to this matter, and I should like to read part of it:

> The bottleneck has become so choked that representations have been made to officials at Ottawa protesting "extended delays" . . .

Further on it says:

> Registry office here is admitted to be working long hours at top speed to get these abstracts out so that the transfers may be completed. However, the criticism is that local solicitors could make the searches, establish clear title to a property, and save the veteran weeks or even months of time in settling on his land.

And finally the article states:

> Local lawyers were unanimous that the fault was not in Hamilton but at Toronto or officialdom at Ottawa.
>
> Wilfred R. Hobson, K.C., said the delays were "becoming worse." Arthur Treleaven said that he had written three letters to the Toronto office since June 7, and had not received an answer.

In conclusion, may I say that this criticism is not in any sense political, because the first named learned gentleman is a Conservative, while the last named is a member of an honoured Liberal family in the city of Hamilton.

Mr. MACKENZIE: My hon. friend is not the first to bring this matter to my attention.

I think at least twenty of my colleagues, supporters of the government, have made exactly the same representations. There are no reflections whatsoever upon the ability or integrity of Mr. Thompson, the criticisms are that there is too much centralization and occasionally there may be some delay in the clearing of titles at local centres. The suggestion has been made that local legal gentlemen should clear these titles, and the matter is now receiving active consideration.

Mr. TUCKER: On August 1 last I promised the leader of the opposition that I would give him exact information with regard to the cost of the small holdings, and I think I should carry out that undertaking though the hon. gentleman is not in the house at the moment. The questions were: (a) how many of these houses will cost the state less than $6,000; (b) how many will cost the state more than $6,000; (c) what is the estimated average excess cost of the whole project over $6,000 each?

Contracts were let for the construction of a total of 2,706 houses on subdivision projects across the dominion, 2,440 on a cost plus fixed fee per unit basis and 266 on a firm bid per unit basis. To date a total of 1,175 houses have come under final review by the committee composed of the deputy minister of veterans affairs and the director under the Veterans' Land Act. Of the houses, 609 cost the state less than $6,000; the average cost of construction was $5,574. The other 566 houses cost the state more than $6,000; the average cost of construction was $6,394. The average net cost of the total unit inclusive of house, land and all services is $7,058.

With the permission of the committee, I should like to place on record a summarized statement of the net cost to the state of these 1,175 small holding units. They represent forty separate projects in six provinces. It is not considered practicable to give the estimated net cost of the remainder of the houses under construction with the desired degree of accuracy. The remainder of 1,531 houses are in various stages of construction, with many near completion. It is estimated that all houses will have been completed by October 31 of this year. On completion of the remainder of these projects it will be possible to place on record a table similar to that which I am now filing. The statement I wish to have permission to place on record gives an exact statement of the various projects, the number that cost under $6,000 and the cost of same, the number that cost over $6,000 and the cost of same, so that all this information may be available to members of the committee.

(Table appears on following page.)

Something has been said about the rental, with the idea that these houses were costing the veterans far more than perhaps they should. I might give the committee some information on that, for such use as they may wish to make of it. Where the adjusted cost to the director is $4,500, after the veteran has paid his ten per cent and gets his conditional write-off, the monthly rate he has to pay for twenty-five years in order to retire that contract is $14.92. If the adjusted cost to the director is $5,000, after the veteran gets his conditional write-off and pays his ten per cent his monthly cost is $16.58. If the suggested cost to the director is $5,500, that house will cost $18.24 to the veteran. If the cost is $6,000, the cost to the veteran, after he has made his down payment, is $19.90. If it is $6,500, in the event he pays $600 down, and when he gets his additional write-off, the amount he must pay for a $6,500 house is $22.39. If it is a $7,000 house he pays $600 down, and then pays a monthly amount of $24.88. If it a $7,500 house he pays $600 down, again, and his monthly payment is $27.57.

Those are figures which I believe will meet any apprehension on the part of hon. members that veterans are being asked to make payments which are out of line with rental payments in connection with other projects throughout Canada.

Mr. CRUICKSHANK: I should like to ask some questions. But before asking the first one, I want to stick my neck out on a limb, and perhaps I have been doing it for a long time—

Mr. FULTON: It is out now.

Mr. CRUICKSHANK: The hon. member for Kamloops is young yet both in years and in experience. He has a great deal of ability behind him—but it is still a long way behind him. I have heard all this discussion in connection with what we can or cannot do for the war veterans of the Riel rebellion, and a few other rebellions which happened slightly before my time. We cannot do very much for them. But I am curious about this item of $5,000 for Colonel John T. Thompson. I believe that Colonel Thompson is the man who made inquiries about carpets, and other matters of economy. If I am wrong I would like to be corrected.

Through you, Mr. Chairman, and through the minister—and just bide your time—I want to know if this $5,000 vote, the item which the parliamentary assistant endeavoured to explain—

Mr. GRANT: An annuity.

Total number projects	Total number units	Province	Projects approved by the Committee									
			Number of projects	Number of units	Houses only						Total unit	
					Under $6,000		Over $6,000		Total cost houses	Total cost in excess of $6,000 per house	Total cost *See note	Total cost in excess of $6,000 per unit
					Number	Cost	Number	Cost				
						$ cts.		$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
32	576	British Columbia	6	172	70	390,318 25	102	674,178 14	1,064,496 39	32 496 39	1,235,973 58	203,973 58
6	280	Alberta										
5	80	Saskatchewan	3	65	65	343,834 00			343,834 00		418,795 25	28,795 25
6	240	Manitoba	1	90	45	245,205 00	45	284,706 00	529,911 00		623,525 60	83,525 60
50	1,161	Ontario	17	613	315	1,789,205 48	298	1,816,157 70	3,605,363 18		4,183,272 98	505,272 98
6	187	Quebec	5	170	63	351,139 21	107	757,126 92	1,108,266 13	88,266 13	1,426,197 70	406,197 70
21	182	Maritimes	8	65	51	275,070 56	14	86,932 72	362,003 28		405,980 54	15,980 54
126	2,706		40	1,175	609	3,394,772 50	566	3,619,101 48	7,013,873 98	120,762 52	8,293,745 65	1,243,745 65

* This cost includes cost of house, land, water and sewer services, temporary heating, transportation and travel time of labour, drainage, driveways, roads, landscaping, and all other costs to the director.

Average costs as per above statement:
House only ..... $ 5,969 25
Total unit ..... $ 7,058 51

Average cost of those under $6,000.00 (houses only) ..... $ 5,574 34
Average cost of those over $6,000.00 (houses only) ..... $ 6,394 17
†Average excess per house over $6,000.00 ..... 213 36

†Number of houses over $6,000.00 566
Total excess over $6,000.00 (on 1,175 houses) $120,762 52
Average excess per house over $6,000 00
566)120,762.52 (213.36

Mr. CRUICKSHANK: I want to know whether this annuity of $5,000 can be paid to one individual, when we can only pay our veterans $30 a month as a war veterans allowance. That will hold Prince Edward Island for a little while!

Mr. GRANT: I was trying to help you out.

Mr. CRUICKSHANK: I do not need any help in this case. I am one who believes that credit has not been given as it should have been to the minister who comes from my province, and happens to be Minister of Veterans Affairs, for what he has done for the veterans of Canada. I am prepared to go back before my legion and any other legion and give that credit. But I am asking the minister at the same time to explain that $5,000 annuity to one Colonel Thompson. That is my first question.

My second question—and I will have to put these glasses on; I just paid $17 for them—affects soldier settlers. As I understand it, under the new act which was brought down, a man living in an outlying district is not eligible under the Veterans' Land Act for a house or home. I have an instance in Burnaby, in my own province, although I do not live in that area. I am giving the minister's officials plenty of time to look this up, Mr. Chairman, because I think they cannot answer it. But, as I understand the situation, a veteran in an area such as Burnaby—and I am instancing Burnaby or North Vancouver—is not eligible for a home, and I want to know why he is not.

The second question I wish to ask—

Mr. GRANT: The third.

Mr. CRUICKSHANK: The third question—I am being helped a lot, and again I am taking plenty of time—is as to why homes now erected in Fraser Valley are not available for sale to veterans, and why veterans are not allowed to buy Japanese farms, homes or individual holdings in Fraser Valley, despite the fact that in the veterans affairs committee I was assured that these homes were available and would be made available for immediate sale to veterans.

I am definitely saying through you, Mr. Chairman, to the minister, that these Japanese farms in Fraser Valley are not being made available. These former Japanese homes in Fraser Valley are not being made available for sale. The veterans in my constituency do not know where they stand to-day in so far as purchasing homes is concerned, either those built under this veterans scheme or old homes and old farms taken over from the Japanese. I also wish to point out through you, Mr. Chairman, that no price has yet been set on veterans homes in Fraser Valley, despite the fact that veterans were assured that these homes would not cost more than $4,800.

Again I would praise the minister and his assistant for the work they have done. But this government has made a mistake or has permitted a mistake to be made in connection with the cost of these homes. We must see that the veterans get them at a cost of $4,800, at which they expected to get them. That price was advertised in every paper in British Columbia. The statement was made on every platform in British Columbia in the last election—including the statement by the member for Fraser Valley—that these homes would be available at $4,800. The last figure I could get was anywhere from $5,800 to $6,400. When I ask for the actual cost I am told I can get an order for return—which will probably be returnable about six months or a year from now. That is not good enough, because neither the minister nor I might be here six months or a year from now, if they happen to have a by-election. I hope I shall be here.

I want to know and the veterans in my riding want to know when these homes will be available and what the actual cost will be. I was told that one reason the cost in British Columbia was higher was that we believe in paying reasonably decent wages in our province. I also asked at that time why lumber should cost more at Haney, where lumber is produced than it costs at Edmonton. I asked why cement should cost more in Fraser Valley, when it is produced in British Columbia, than it costs in Edmonton, Ottawa or elsewhere.

The minister has a lot of questions to answer; if he cannot answer them all immediately I hope he will keep a record of them. Perhaps he would answer by starting with Colonel Thompson and then work down the list. But I would ask particularly, if the minister has not sufficient staff to appraise these various homes and farm and houses, why he does not employ a greater staff in order that veterans from this war in Fraser Valley may acquire these homes and farms, settle on them, and become citizens of that part of Canada.

Mr. MACKENZIE: My hon. friend, as usual, has asked a most intriguing series of questions. In the first place, in regard to properties in Fraser Valley, we had a report yesterday that we expect within the next ten days to have a sale price established for all the homes which have been constructed in Fraser Valley.

Next, with reference to Japanese homes, ninety former Japanese properties have been already sold to veterans and the remainder will be made available as quickly as possible.

Next, with regard to Coloned John Thompson, he was chairman of the Canadian pension commission; when he retired, he was not entitled to superannuation allowance, and an amount was placed in the estimates, I believe of $5,000.

Then the hon. member asked about the Soldier Settlement Act. It is expected that that situation will be met in accordance with the wishes of my hon. friend.

Mr. CRUICKSHANK: I thank the minister for his answers. After six months of endeavour, I am hoping to go home next week and be able to tell the settlers in my riding that at last I have got a partial answer from the department. There are some 500 Japanese farms—

Mr. SINCLAIR (Vancouver North): Former Japanese farms.

Mr. CRUICKSHANK: And they will always be former Japanese farms. The minister now says that ninety have been sold. I want to know, when veterans of Fraser Valley and other parts of Canada are desiring to acquire these former Japanese homes, why only ninety have been made available for sale. I want definite assurance from the minister that the remainder of approximately 500 farms will be made available immediately.

Mr. MACKENZIE: The greatest demand for these farms has been from veterans with no overseas service, and it is the considered policy of the department to give preference to those who have been overseas.

Mr. CRUICKSHANK: I am not quarrelling with the minister's statement because I feel that overseas veterans should have the preference, but there are more than 500 farms in my district, and I should like to know how long the limitations will remain and when these farms will be made available for veteran volunteers, not zombies but men with service in Canada?

Mr. MACKENZIE: There is a submission now before the minister in regard to that matter.

Mr. JOHNSTON: I should like to say a few words with reference to the policy of administering the Veterans' Land Act. I brought this question up some time ago and it was partly discussed in the veterans committee. I am not bringing up this matter before the committee for the purpose of criticizing the government. The only motive I have in discussing this matter of veterans housing is to see that the veterans for whom I am speaking are given a square deal.

When this question first came up, the veterans in Calgary formed an association. Every one of the veterans for whom I am speaking has had overseas service. When they first met there was a lengthy discussion as to the procedure that should be followed in order to get the necessary repairs and adjustments made to their property. It was suggested to them by me that as little publicity as possible be given to this matter and that every available effort be made to go through the ordinary and proper channels to get the adjustments that were needed. The veterans were agreeable in that respect and they acted accordingly.

They interviewed everyone connected with the Veterans' Land Act in Calgary, and I think in Edmonton, but, I understand, with no results. Then, when the house opened I brought up the question here. The minister was acquainted with this problem before I brought it to the attention of the house. These men have done everything to have these things adjusted in the channels that were available to them before the matter was brought up here.

I am at a loss to know why the minister has seemed to be so hostile toward these adjustments. I can assure him that in regard to these houses I have never said anything that was not true. I have never exaggerated; in fact I hasten to say that I have never given as bad a picture as I might have had I gone into the matter more in detail. The question was brought up before the veterans affairs committee. Whether that committee could have gone into the study of the matter at greater length, I do not know because I was not a member of the committee. I should like to take this opportunity of referring to the proceedings of that committee for Monday, June 3, 1946. Mr. Murchison was the witness before the committee at that time, and he has this to say, as reported on page 769:

> I can say frankly to this committee that with few exceptions the reaction of the public and veterans to this programme has been good, but there are a few exceptions which illustrate a lack of understanding of the difficulties of home construction at the present time, in some places a decided lack of appreciation of what the administration is trying to do and a tendency here and there to unfairly criticize which, to say the least, does not encourage very much expansion of building. I suggest to this committee there are plenty of places in Canada where our efforts thus far are fully appreciated and where there is still ample demand to fully absorb all the materials available for new construction. We have fortunately only a few samples of criticism of the type I referred to. Some of it developed in Calgary.

That was not answering my charge. I contend that on no occasion has Mr. Murchison ever given one instance where the things that I said in this house were not true. In

fact, in my opinion Mr. Murchison did not have the information or, if he did, he did not reveal it to the committee. As I pointed out in the beginning, I have nothing to gain by this. I am not even seeking votes. It is not even in my constituency. The only thing I am concerned about is to see that proper treatment is meted out to these veterans who have served their country so well. Surely that is not asking too much. When Mr. Murchison makes this remark, "Where there is still ample demand to fully absorb all the materials available for new construction," he is threatening every veteran not to dare to criticize this policy, no matter what type of house he gets. I take the strongest possible objection to such a threat made against our returned men by any departmental official. Surely that is not the intention of the department. I am quite safe in saying—I hope I am—that the Minister of Veterans Affairs does not countenance and will not allow such a threat to be made to silence the veteran who might criticize the type of house he was getting. I think it was most unbecoming any man to make a threat of that kind. Mr. Murchison went on to say:

We have fortunately only a few samples of criticism of the type I referred to. Some of it developed in Calgary.

He was referring to statements made by me in the house in regard to the Calgary development. He went on:

I am glad that Mr. Harkness is here because it is in his constituency. It was not Mr. Harkness that spearheaded this criticism of what has been done there. . . .

I want to exonerate the hon. member for Calgary East from any criticism that I have made in the house in this regard. I take full responsibility for any statement that I have made. It was not in my constituency, and therefore I have nothing to gain by it personally. I have no votes to solicit. I have no other motive than to see that these veterans are given that which is their due. Mr. Murchison endeavoured to place on the record a statement. He said:

We have voluntary statements from some of the veterans concerned such as this. . . .

Then he went on to read a statement, but he did not give the name of the person. I think that was not intentional because he readily sent me a copy when I telephoned him for it. I will read the copy. The only difference is in the salutation and the complimentary close. It is dated March 30, 1946, and the address is 605-25th Ave. N.E., Calgary, Alberta. This is how it starts:

To whom it may concern—

May I suggest that that reads more like a circular than a personal letter.

To whom it may concern:

Having read the report in the *Herald*, March 29, in which Mr. Johnston says that our homes are falling apart, I would like to state that no such condition exists in my home. I am quite satisfied with the construction of my home throughout.

When looking for a home last fall I examined quite a few houses in various stages of construction, also some completed homes. In my estimation, the V.L.A. houses were a good deal better than any I had seen.

In these houses there are a few slight mistakes which are being rectified—

Notice the contradiction.

—and when they are properly finished I am quite sure I will have a home comparable to any in the city.

Previous to the war I was employed by the A. B. Cushing Company, of this city, and while there I served my apprenticeship as a carpenter.

Yours truly,

(Signed) D. Downie.

Having read that, I want to refer you, Mr. Chairman, to a letter that I received from the veterans committee which was sent to me by the chairman. It is dated April 4. This was after I had made my statement in the house to which the Minister of Veterans Affairs took great exception. The letter reads:

C. E. Johnston,
House of Commons,
Ottawa, Ontario.

Dear Mr. Johnston:

On Wednesday evening, April 3, 1946, a meeting of the veterans' group of Tuxedo Park small holdings, was held in the home of Mr. Don Sutherland. We wish to extend our sincere thanks to you for your efforts on our behalf.

There were 16 veterans present and it was unanimously decided to notify you of our complete and entire agreement with your remarks as quoted in *Hansard*.

I pause here to say that I intend to read to this committee the names of the persons who were present at that meeting where the decision was unanimous. The letter goes on:

We firmly believe—

That is, all the veterans present.

—that a first-class finish could have been made in the first place as cheaply or cheaper than was done plus cost of repairs.

The repairs promised us by V.L.A. have now been started, and V.L.A. promised—

They were mostly promises.

—these repairs will be finished to our entire satisfaction. There are quite a number of trivial inspections—

Note that.

—taking place at the moment but these inspections are all carried on during day time. It is suggested by the group that an inspection be carried on during the evening when the men are home. We can then show that our complaints are justified.

I would have thought that when an inspector went around to investigate these complaints he would make his inspection when the man of the house was at home. But definitely the inspectors did not want to find him home and they did not go to make their inspections at the time the veteran would be home. The letter goes on:

The V.L.A. has approached several owners.

These were the voluntary statements to which Mr. Murchison referred and addressed, "To whom it may concern."

Mr. MACKENZIE: What was the date of that letter?

Mr. JOHNSTON: April 4. It goes on:

The V.L.A. has approached several owners, seven in number, within the last few days. They requested letters—

This was not a case of letters being written voluntarily.

—be written concerning our feelings about the homes, and the progress being made in the rectification of the previously lodged complaints. These letters in reply—

Note this. These letters, "in reply" were by veterans who were present at that meeting.

These letters, "in reply", stated—

I draw particular attention to this:

—complete accordance with your statements and also the progress being made by V.L.A. in repairing the houses.

That bears out everything I have said. But so far we have not had produced those letters which were solicited by the V.L.A. It goes on:

They also stated satisfaction will ultimately come about in most cases when these repairs have been made. This, however, does not make restitution to those of us who have had to spend considerable money personally to repair poor workmanship.

Kindest regards from all of us and again assuring you of our complete cooperation.

Yours,

H. S. Moore, (committee member).

P.S. Attached is list of veterans who attended meeting.

Then follows a list of the names, and the man's name is here whose letter was put on the report of the committee. He fully accepts my statements made in the house. The names are:

C. G. Ingram, 448 25th avenue N.E.
C. Jesson, 441 27th avenue N.E.
W. A. Dich, 445 27th avenue N.E.
R. T. Carlson, 606 25th avenue N.E.
E. Snyden, 443 25th avenue N.E.
R. J. Arkley, 447 25th avenue N.E.
D. Murdoch, 630 25th avenue N.E.
E. S. Dunn, 626 25th avenue N.E.
C. M. Huget, 425 27th avenue N.E.
D. Downie, 605 25th avenue N.E.

[Mr. Johnston.]

That is the man who signed the letter quoted by Mr. Murchison. I am referring particularly to his name, because in the next list of names which I intend to read his name is missing:

D. Sutherland, 444 25th avenue N.E.
H. S. Moore, 416 25th avenue N.E.
R. Derbyshire, 539 25th avenue N.E.
D. Moss, 535 25th avenue N.E.
E. K. Elton, 419 27th avenue N.E.
D. Dahl, 602 25th avenue N.E.

In most of these cases, Mr. Chairman, where some are, as I say, fairly satisfied, they have spent considerable money out of their own pockets to make adjustments in these houses which, as indicated in the letter, should have been done by the contractors in the first place.

Now, Mr. Chairman, I want to read to you the next submission which was made to the committee by Mr. Murchison; that is on page 770. He says:

Here is a statement by a responsible member of our advisory committee in Calgary.

Again, Mr. Murchison does not give the name of the person, and I do not think that was done intentionally, either, because he readily sent me the copy of the letter when I asked him for it. This was the letter; I will read from the copy which I have received, dated at 507 Grain Exchange building, Calgary, Alberta, March 30, 1946—incidentally, they were both written the same day—addressed to Mr. A. Findlater, regional supervisor, Veterans' Land Act, Calgary, Alberta, It states:

—re houses built for veterans under Veterans' Land Act in Tuxedo Park, Calgary.

On the afternoon of March 29 I inspected a number of houses that had been sold to veterans, and also interviewed a number of the occupants. Every one of the houses I examined—

Notice that—"every one".

—I found have been substantially built, i.e., basement walls—

I want you to notice this particularly:

—are quite sufficient to carry the houses erected thereon, and the sills and joists are well put in; heavy enough that there is no danger of the building sagging. In some cases—

It is marvellous how some people can make an emphatic statement and then contradict it in the next few lines.

In some cases the material used in the construction is not all No. 1 and apparently had not been properly seasoned.

Did I not make that statement? And did anybody before the committee ever contradict it? No, certainly not. And here this man confirms it.

As a result in some places it has shrunk, but not to any alarming extent. In view of the scarcity of material I consider that these dwellings have been as well constructed as could be reasonably expected. The workmanship in all cases—

Notice this:

—could not be considered as first class.

That is what I emphasized when I was speaking here. The work was far from being first-class workmanship, and the results are showing up now.

But owing to the scarcity of skilled tradesmen, I believe it would be practically impossible to have a dwelling built within a reasonable time that would not show some slight defects such as casings around the doors and windows not being properly fitted.

"Slight defects!" Can you tell me it is a slight defect when the rain will blow right through the doors and windows?

Mr. GIBSON (Comox-Alberni): Terrible!

Mr. JOHNSTON: He goes on:

The occupants whom I interviewed are well satisfied with their homes and while mentioning some slight defects here and there in the workmanship, stated that they are causing them no inconvenience but suggesting in some cases that a little later, when material and skilled tradesmen can be secured to better advantage than at present, some slight adjustments could be made.

Mr. TUCKER: What is the matter with that?

Mr. JOHNSTON: The hon. member ought to come and live in these houses and find out. The writer goes on:

After inspecting the properties and interviewing the occupants I consider that there is absolutely no foundation for the reports that these houses were badly constructed and the occupants very much dissatisfied.

Yours truly,
W. D. Mackay,
Member of the regional advisory committee.

Below he says:

I hereby certify that the above is a true and exact copy of Mr. W. D. Mackay's letter dated 30th March, 1946.

(sgd) A. Findlater,
Regional Supervisor, Veterans' Land Act,
Calgary, Alberta.

Now, Mr. Chairman, I am going to leave it at that for the moment, other than to say that this report is so contradictory that nobody could intelligently expect any committee to believe such a statement as that. The writer says, first, that the houses are substantially built. I have pointed out to this committee that in some cases the joists do not even meet over the beam, and any man who calls himself an inspector and would say that that was satisfactorily built does not know much about the matter. Anybody who says that a house is satisfactorily built when the floors are sagging does not know much about his business. Anybody who says that a basement wall is properly built when the water comes right through the wall doesn't know much about what he is saying.

Mr. MACKENZIE: You are "off the beam", anyhow.

Mr. JOHNSTON: I may be off the beam; but the minister, like this house, is a little warped; and also the remark has been made that the water is getting in the man's basement. I have already referred to this. Incidentally, the minister, speaking on this matter in the house on July 22, said, *Hansard*, page 3715:

I want to say that I have abundant evidence—

That is a pretty strong expression, and I suppose the minister would not have used it unless he had.

—from the settlers themselves of their complete satisfaction with these houses.

Mr. MACKENZIE: Hear, hear.

Mr. JOHNSTON: The minister went on:

I have an official letter—

This ought to be worth something.

—from the city engineer of Calgary justifying these houses. This evidence disproves in their entirety the remarks made by the hon. member for Bow River.

I then said:

This was never disproved in the committee. I shall be only too pleased to have this discussed and I hope the minister brings his evidence before the committee.

I want to hear that evidence and see whether he can disprove what I have said.

Mr. TUCKER: It seems to me that the hon. member has taken a great deal of time—

Mr. MacNICOL: Forty minutes.

Mr. JOHNSTON: I am going to take some more, too.

Mr. TUCKER: —to deal with something which, after all, is not nearly as serious as he would make out. On March 28 last, he made his speech in the house. The facts in regard to this matter are really very simple. On account of the housing shortage the officials under the Veterans Land Act permitted a number of veterans to move into some of these houses in Calgary before they were finished and before they were taken over from the contractors, in order to accommodate these veterans. The contractors had not completed their work; the final inspections had not taken place, and the contractors had not been paid in full and have not yet been paid. The settlers moved in in December and January. They drew attention to these defects. As I said, no final inspection has yet been made; there is no suggestion that the houses have been finally taken over, and no suggestion that

they were in a shape to be finally taken over by the veterans; the veterans were just given shelter during the winter.

Mr. JOHNSTON: Exactly.

Mr. TUCKER: My hon. friend, I suppose, could say that these veterans should be kept on the street until the houses could be finished to the last nail. I wonder if that is what he means. The very kind of attack which the hon. member is making is rendering it difficult for our department to get contractors anywhere to be willing to turn over houses until they are finished to the last degree.

Mr. JOHNSTON: Nonsense.

Mr. TUCKER: I am saying, what is a fact, that the uproar which the hon. member has made on account of the houses that were turned over for temporary use of the veterans before they are finished has made other contractors, who are jealous of their reputation, and afraid of being similarly attacked, fearful of turning over houses until they are absolutely finished. That is what the hon. gentleman has accomplished, and that is not imagination; it is fact.

Now to proceed. I do not know whether Mr. Cawthorne, who wrote the following letter, is another member of the advisory committee, but I take it the hon. member is making out that this gentleman in Calgary did not know what he was talking about, that the government made Mr. Cawthorne sign anything he was asked to sign, and that my hon. friend is the only one who can give evidence before the house which can be relied on. It is a most amazing reflection for him to make on his fellow citizens of Alberta. I am sure they will be pleased to hear it. However, this is what Mr. Cawthorne said:

All adjustments needed are of a very minor nature—

And remember, these are houses not yet finished, not yet turned over.

Mr. JOHNSTON: Who wrote that letter?

Mr. TUCKER: Mr. Cawthorne, justice of the peace. I suppose he is appointed by your government.

All adjustments needed are of a very minor nature and no difficulty is anticipated in having them attended to. These homes are outstanding in external appearance and will certainly be a credit to the community and the veterans who will own them.

The sweeping assertions made by the hon. member are certainly unjustified . . .

I hope the hon. member does not report that gentleman to the premier of Alberta for saying that.

Mr. JOHNSTON: I think I will.

[Mr. Tucker.]

Mr. TUCKER: We would not do that and I do not think you should.

Mr. JOHNSTON: On a point of order—

Some hon. MEMBERS: Order.

Mr. JOHNSTON: I have no objection—

Some hon. MEMBERS: Take your medicine.

An hon. MEMBER: He can't take it.

Mr. JOHNSTON: I have no objection to the minister reading an official report from an engineer—

An hon. MEMBER: He is not minister yet.

Mr. JOHNSTON: —but I want it distinctly understood that when I asked to have reports tabled it was refused me on the ground that they were official. If he reads the reports I demand that the other reports I asked for be tabled.

Mr. MACKENZIE: You will get the whole lot of them.

Mr. JOHNSTON: Why did you not give them before?

Mr. MACKENZIE: Because I was debarred by the rules of the house. You will get more than you want.

Mr. TUCKER: This is a report from the city engineer.

Mr. MACKENZIE: You will be sorry you ever started it.

Mr. JOHNSTON: Oh no, I won't.

Mr. TUCKER: This is from the city engineer of Calgary. I suppose the hon. gentleman knows he is reliable. I hope he would not suggest that this gentleman would write something that was incorrect. He says:

The houses appear to be structurally sound, and from the appearance—

Does my hon. friend suggest that the city engineer of Calgary cannot be relied upon and that only the hon. member, with his superman, X-ray vision can see something that nobody else can see? I knew the hon. member attributed to himself powers and visions that no one else had, but I do not think he would suggest that he can see things which ordinary mortals cannot see. This is what the engineer says:

The houses appear to be structurally sound and from the appearance of the finish the class of workmanship has been average. It is needless to mention that with the difficulty in obtaining material, and with having to use green lumber in some instances, that refitting of doors and windows is unavoidable, that shrinkage of floors cannot be prevented. It appears, however, that where such conditions have existed

that they have been remedied, that provision has been made to relay new floors, tighten windows, doors, et cetera, in any found requiring this work . . .

The prices that the houses are being erected for are well within present-day building costs. In fact, I doubt if any private individual could obtain a price on a similar house for a figure within $500 of the costs that these are being erected for. On the whole, these are attractive looking houses, and very well equipped.

Mr. JOHNSTON: What is the cost?

Mr. TUCKER: That is in the record which I have already tabled. He says:

On the whole, these are attractive looking houses and very well equipped.

Mr. JOHNSTON: I have no great objection to that report.

Mr. CHEVRIER: I would think not.

Mr. TUCKER: That is the opinion of the city engineer of Calgary, not an official of our department, not a man who would make a statement like that unless he knew it to be correct.

Mr. JOHNSTON: He confirms everything I have said.

Mr. MACKENZIE: Do not interrupt; keep your seat.

Mr. TUCKER: In regard to this contract in Calgary, the contract for these houses was let after public advertisement and competitive tenders, to the lowest bidder, Bennett and White Limited, one of the outstanding construction firms in western Canada. The contract has been administered under supervision of the district construction supervisor appointed by the civil service commission. The construction supervisor in turn supervises the local engineers and inspectors in charge of day-to-day operations, also appointed by the civil service commission.

The houses were built under the trying conditions that confront everyone trying to build in the west. Of course, certain difficulties did appear from time to time and the government is holding the contractor responsible for making them good, and has always done so. The contractor has not been settled with, and will not be settled with until the houses pass inspection and come up to specifications.

In regard to these houses, twenty-two are now finished and occupied; eight are not completely finished yet but are occupied; eight will be ready for occupancy in a week, and twenty-two are ready for flooring and painting, and furnace work is proceeding. We are advised by the chief of the building and supplies division of veterans affairs department that the district construction supervisor reports on August 14 that all items of work that needed repairs and adjustments, as reported from last February, have now been taken care of, except that in certain houses sufficient fir flooring had not been delivered to replace softwood floors in upstairs rooms. The shortage of fir flooring in western Canada is acute and, according to the timber control regulations, they were not supposed to lay hardwood floors in the upstairs. But owing to poor quality of softwood flooring supplied through the timber control office last fall, an exception was made in the case of Calgary.

I would say to the hon. member that I do not suppose he intended this result to happen. I suppose he was called in and it was not explained to him that the houses were not finished, were not supposed to be finished, were not turned over, were not in any way accepted by the government, but the veterans were permitted to move into them before they were finished in order that they might have shelter. I suppose the hon. gentleman acted in good faith; but I say to him in all sincerity that we have had great difficulty in getting contractors throughout Canada, who are jealous of their good reputations, to permit us to have houses occupied by veterans, though it would provide them with shelter, until those houses are finished right up to the last item of the specification; and the effect of the hon. gentleman's charge has been that veterans who could have obtained shelter have been denied it on account of the charges made against this firm of contractors.

As I say, I do not suppose the hon. gentleman intended this result, but the only effect has been what I have stated. The houses have been finished in accordance with the specifications, as they would have been in any event. He does not need to think that anything he has said has contributed to these houses being brought up to specification, because before the contractors would have been paid and the houses accepted they would have had to pass the final inspection of the government under which all defects would have been corrected. So that the only result of what the hon. gentleman said has been the one I have mentioned. I consider it most unfortunate that he should have made his charge against contractors who did not take the position they might have taken and refuse to turn over these houses until they were absolutely finished. Their only reward has been this attack by the hon. member, and to have their names besmirched from one end of Canada to the other. That is a very poor reward for those people who departed from the letter of the contract which they made with the government in order to

provide shelter for veterans. As I say, I do not think he intended it in that way, but it is unfortunate.

Mr. JOHNSTON: I think the parliamentary assistant has made out a very weak case for himself.

An hon. MEMBER: You are the only one who thinks so.

Mr. JOHNSTON: Oh, am I? The report of the engineer confirmed everything I said; it does not contain one thing to prove that what I said was wrong. This talk about the reputation of the contractors being at stake is just so much eyewash, because when the people moved into those houses there was nothing left unfinished about them that the contractor could not complete without any inconvenience to those who had moved in. That is the most common thing you ever heard of. I'll bet you there is not one house into which people move to-day with everything absolutely completed before the family moves in. It just isn't done. When they say they cannot build houses under the conditions under which they built these houses without having these defects, I say anyone who makes that statement does not know anything about building. I built a house at the very same time these houses were going up, and I would defy anyone to come and find the rain running into my house, or water running through my basement wall, or the floors shrinking; and I had the same material available to me that was available to them. The only difference was that in every case the government had a priority. They talk now about the floors shrinking. Well, why would the government put spruce flooring into a place, anyway, when it was all green? We are told they could not get fir flooring. Well, I got it, and everybody else around got it. Why could the government not get it? That is just silliness; and if my hon. friend thinks anybody is going to take that into consideration he is wrong.

Mr. TUCKER: I imagine all these people must be dishonest—according to the hon. gentleman.

Mr. JOHNSTON: I agree almost entirely with the engineer's report. I have no criticism of him, because he pointed out quite clearly where the defects were. The parliamentary assistant suggested that the contractors must make good. He must understand that some of these veterans have already spent well over $200 to fix up a house that was new, a house that had been built according to plans and specifications. You cannot tell me that a house has been built according to plans and specifications and has the defects I have mentioned. Certainly not. Let us see how they lived up to their specifications. Let me read another letter to you, Mr. Chairman. I want you to remember that, according to the parliamentary assistant, the charge I made was unjustified; that I have done a great injustice to these contractors; that otherwise these veterans would not have had these houses. I say to you, sir, that we might better have built one good house and had one veteran well satisfied than build two poor houses and have two veterans dissatisfied. The parliamentary assistant says these people are out of the storm. I do not think they are. The storm goes right through the walls, right through the windows, right through the basement. They might just as well be outside. That is no excuse.

Mr. TUCKER: Remember that what you say is being taken down by *Hansard* and will be read all over the place.

Mr. JOHNSTON: That is an extremely poor argument for the government to put up. The minister says I want to put this on *Hansard*. Why did they not take action at first, when these veterans went after them, when they tried by every means at their disposal to get the authorities in Calgary to do something? It was expressly understood at that first meeting, that nothing would be done except through the proper channels; and I so advised them.

Mr. MACKENZIE: We took action long before you made your flamboyant speech.

Mr. JOHNSTON: With your trivial inspections, but they did not take place until afterwards.

Mr. MACKENZIE: That is nonsense. You do not know what you are talking about.

Mr. MUTCH: Do you believe that yourself?

Mr. JOHNSTON: Yes, I do.

Mr. MACKENZIE: Let us get on with the work of the house.

Mr. JOHNSTON: We shall get on with it, and we shall get on with the position of these veterans, too. Here is another letter sent to me by the committee, dated May 31:

> It seems some time since we had the pleasure of communicating with you and the present time seems most appropriate, to give you a short resumé of our activities here, and reparations to our houses since you last heard from us.
>
> V.L.A. have had some repairs made—

This was after you started to fix up the places, to make the repairs.

Mr. MACKENZIE: Long before you were ever seen over there.

Mr. JOHNSTON: It goes on:

—including a little painting and new floors—

Was my charge wrong, when I complained about the floors? They had to go back and put in new floors; and then they said I was wrong.

—put in the upstairs of several two-storey homes. We all have outside water faucets now—

Quite a contribution!

—and a few basement traps have been repaired.

Was I wrong in the statement I made?

Mr. TUCKER: We inspected all the houses, all over Canada.

Mr. JOHNSTON: The letter goes on:

However, there is no sign of sidewalks or eavestroughing and little if any hope of getting these at any date apropos to our meeting this afternoon at V.L.A. with Mr. Wiber (inspector V.L.A., Edmonton).

Mr. TUCKER: May I ask the hon. gentleman a question? Would he suggest that we should not have allowed these veterans into these houses, unfinished as they were, until they were finished? Would he rather have had them kept out? Did we do right in letting them into the shelter of these houses before they were finished, or should we have kept them out until these houses were all completed?

Mr. JOHNSTON: Now, now; surely you do not mean a statement like that.

Mr. TUCKER: Answer the question.

Mr. JOHNSTON: If that is the answer to my charges I think it is very poor.

Mr. TUCKER: Admittedly these houses were not finished, and I am asking: should we have let them be occupied before they were finished, or should we have made the people wait until the houses were completed?

Some hon. MEMBERS: Answer the question.

Mr. JOHNSTON: Certainly I shall answer it. Keep still over there, and I will tell you.

Mr. MUTCH: We have called your bluff; now answer the question.

Mr. JOHNSTON: Called my bluff?

Mr. TUCKER: Answer the question.

Mr. JOHNSTON: What was there in the house that was not completed?

Mr. TUCKER: Answer the question.

Mr. JOHNSTON: I am asking you that.

Some hon. MEMBERS: Order.

Mr. MUTCH: We have had two and a half hours on this. Answer the question.

Mr. MACKENZIE: Let us get on with our work.

The ACTING CHAIRMAN (Mr. Golding): Order. I must remind hon. members that the speaker must not be interrupted without his consent.

Mr. JOHNSTON: And I can assure you, Mr. Chairman, that I have not given my consent. In the next paragraph the writer of this letter says:

I shall go into this meeting in a moment as I am sure you are most interested.
On Tuesday last—

Before I continue to read this letter, I want to refer to the question asked by the parliamentary assistant. He wants to know if I would have permitted these people to move in before the houses were finished. I say to him there was nothing unfinished in the houses except minor repairs which in no way affected these people taking possession of them. The floors were laid; the walls were up; everything was completed except probably the faucet on the outside tap or something like that. Certainly in every other detail they thought they were finished.

Mr. TUCKER: They had not been accepted, and were not finished according to specifications.

Mr. JOHNSTON: Listen, Mr. Chairman; I was in those houses with the inspector and he accepted them. I was in one house when we asked the inspector in regard to the flooring The floor was covered with paper, but he accepted it.

Mr. TUCKER: What was the name of the inspector who inspected these houses?

Mr. JOHNSTON: Mr. Turner.

Mr. TUCKER: Our instructions are that they were not accepted on behalf of the government.

Mr. JOHNSTON: I do not care whether they were accepted on behalf of the government or not; the inspector was there and he accepted them. When I asked him, "Did you inspect the floor with paper over it?" he acknowledged that he did, that he had never seen the floor. He was one of your government inspectors.

Mr. TUCKER: May I give the hon. member some information? The only man who has a right to accept these houses on behalf of the government, and to say that the contractor has lived up to his specifications, is the chief inspector of the province. And he did not accept these houses.

Mr. JOHNSTON: Who is the chief inspector?

Mr. TUCKER: Mr. Wiber is the district construction supervisor.

Mr. JOHNSTON: He has been there, and that is one of the difficulties. Now the hon. gentleman says, should we have allowed this man to move in without the house being finished?

An hon. MEMBER: Whitewash.

Mr. JOHNSTON: "Whitewash" is right. Listen to this:

On Tuesday last we suffered a very bad rain and windstorm. The rain came right through outside double windows, then through inside windows and on to floors of the rooms that happened to face northerly direction.

Mr. TUCKER: Do you suggest the inspector should have accepted that house in that condition? Do you suggest that?

Mr. MACKENZIE: Do you blame us for the rain?

Mr. JOHNSTON: These were houses your inspector had inspected and said they were fine—except probably the doors were not right, or the floors were shrinking, or the roof was leaking, or the windows were not right. Outside of that it was a fairly good house! I continue:

Three basements, known to us at the moment, had streams of water running across the basement floors. This water came through cracks in the cement foundation which had been covered from view by cement plaster and were hitherto unknown to us.

That is good workmanship, is it? Did you tell me a minute ago something about reliable contractors who want to save their reputations? I am going to suggest to you and I am telling you that the requirements are not there.

Mr. MACKENZIE: You are probably attacking the finest contractors in Canada.

Mr. JOHNSTON: Oh, just a minute; do not get me started on that, because I can go into more detail.

Mr. MACKENZIE: Go ahead; go ahead!

Mr. JOHNSTON: And I can assure you they were not appointed by a Social Credit government, either.

Mr. MACKENZIE: Is my hon. friend criticizing the Bennett and White people?

Mr. JOHNSTON: Certainly, for the workmanship they put into the houses.

Mr. MACKENZIE: Then you are contradicting your own statement as reported in *Hansard* of March 28, when you paid them the finest compliment of any contractor in Canada.

Mr. JOHNSTON: Why, you—

Some hon. MEMBERS: Oh, oh.

Some hon. MEMBERS: Go on; go on!

Mr. CRUICKSHANK: Say it.

Mr. JOHNSTON: I won't say what I started to.

Mr. MACKENZIE: Does my hon. friend deny it?

Mr. JOHNSTON: I never made such a statement in my life.

Mr. MACKENZIE: Get me *Hansard* of March 28; I have a pretty good memory.

Mr. JOHNSTON: I might have called them a lot of other things but not that.

Mr. MACKENZIE: I will quote you, to your own discomfort, very shortly.

Mr. CRUICKSHANK: Could this all be true?

The ACTING CHAIRMAN (Mr. Golding): Order.

Mr. JOHNSTON: And while we are waiting I will quote another paragraph. It says:

Three weeks ago—

And these were the houses which should not have been moved into, because they were not properly completed.

Three weeks ago we also suffered a bad windstorm—

Mr. CRUICKSHANK: We are suffering one to-night; too.

Mr. JOHNSTON:

—which tore off shingles and uprooted others. This condition was reported then and has not been rectified. When this bad storm hit Calgary on Tuesday with heavy rain it is only fate that prevented these roofs from leaking. One house in particular has 14 shingles missing completely.

I suggest again that that is poor workmanship, and that those shingles were not properly nailed. I know a hundred houses built in Calgary at that time, and the shingles never came off. You cannot tell me that the contractors are so careful of their reputation! If they are so careful of it, then there should be a little more precaution and supervision.

Mr. TUCKER: Will the hon. gentleman just tell me what he is blaming the government for? Does he say we should have accepted these houses, or should not have accepted them? I am at a loss to understand

the hon. gentleman or what he is complaining about. He says they were not properly built, and the answer is that the government—

The ACTING CHAIRMAN (Mr. Golding): Order; I must ask the hon. member to keep his seat until—

Mr. TUCKER: But I am asking a question.

The ACTING CHAIRMAN (Mr. Golding): —the hon. member who has the floor is through.

Mr. TUCKER: But I am asking a question of the hon. member.

The ACTING CHAIRMAN (Mr. Golding): Order.

Mr. TUCKER: With his consent, of course. Have I your consent to ask the question?

The ACTING CHAIRMAN (Mr. Golding): Order; it is not in order to interrupt the hon. member unless he gives his consent to it.

Mr. TUCKER: I am asking if I have his consent.

The ACTING CHAIRMAN (Mr. Golding): I hope the hon. member will cease these interruptions.

Mr. TUCKER: Have I consent to ask these questions?

Mr. JOHNSTON: Certainly. Go ahead.

Mr. TUCKER: I should like you to say what your complaint is. You say these houses were not properly finished. We say they were not either, and we have not accepted them yet, and have not even to this date settled with the contractor. What is your complaint? Should we have accepted them, or should we not have accepted them? What should the government have done? We did not accept them, and we have not yet accepted them? Do you complain about that?

Mr. JOHNSTON: If I have not made myself clear, then I should get a hammer and use it on somebody's head.

Mr. CRUICKSHANK: May I ask a question?

Mr. JOHNSTON: No.

Mr. CRUICKSHANK: I rise to a question of privilege.

The ACTING CHAIRMAN (Mr. Golding): Order.

Mr. CRUICKSHANK: A question of privilege.

The ACTING CHAIRMAN (Mr. Golding): The hon. member does not wish to be asked a question.

Mr. SINCLAIR (Vancouver North):

I do not blame the contractor for it.

And that is at page 334 of *Hansard.*

Mr. MACKENZIE: And this is from page 334 of *Hansard,* where he says:

I do not blame the contractor for it.

Mr. CRUICKSHANK: On a question of privilege—

The ACTING CHAIRMAN (Mr. Golding): The hon. member asked permission to ask a question, and the reply was no.

Mr. CRUICKSHANK: I am rising to a question of privilege.

The ACTING CHAIRMAN (Mr. Golding): It is not a question of privilege at all.

Mr. CRUICKSHANK: On a question of privilege—

The ACTING CHAIRMAN (Mr. Golding): What is it?

Mr. CRUICKSHANK: I have not yet been given an opportunity to ask it.

Mr. JOHNSTON: I want to answer the question referred to a minute ago.

Mr. CRUICKSHANK: I have risen to a question of privilege, and I want to know whether I have the right to go ahead.

Mr. JOHNSTON: You have exhausted your privilege.

Mr. CRUICKSHANK: I am endeavouring to explain my question of privilege. I should like to point out—

The ACTING CHAIRMAN (Mr. Golding): Will the hon. member for Bow River take his seat for a moment? Now, what is your question of privilege?

Mr. CRUICKSHANK: This is a statement made in the house by the hon. member for Bow River as it appears at page 332 of *Hansard*:

I have visited the homes after the families moved in, and I must say that under the national housing scheme the government has done a fairly good job. The material is satisfactory, the workmanship has been well done, and the people are satisfied.

Mr. MACKENZIE: And page 334.

I do not blame the contractor for it.

Mr. JOHNSTON: The minister did not read it all. Where is the reference I made with regard to poor material? Those windows were sent there ploughed out for sash-cord. That is where I said I did not blame the contractor.

Mr. CRUICKSHANK: You say it is good.

Mr. JOHNSTON: I do not blame the contractor when the specifications call for it. That was the government's fault. The parliamentary assistant wants to know what I complain about. Certainly anybody should be able to understand why I complain. When the windows were sent down in that condition, and the contractor was instructed to put them in, and if they were put in properly, I would not blame the contractor for it. But I certainly blame the contractor when he puts flooring in groove to groove.

Mr. CRUICKSHANK: How do you put it in, if you do not put it in groove to groove?

Mr. JOHNSTON: I want to read the passage from which the minister chose to quote me. I would have thought the minister would be a little fairer, but I can see he is getting a little nervous and agitated. I quote from page 332 of *Hansard* as follows:

> It has been admitted by the government that under the national housing scheme 27,000 houses have been built and under Wartime Housing, 16,000. These houses have been completed and are occupied. As I said last year, I have no great complaint to make about the national housing scheme.

I am not talking about the national housing scheme. The minister does not distinguish between houses constructed by the reconstruction department and those erected by his department, and there is all the difference in the world.

An hon. MEMBER: Why?

Mr. JOHNSTON: Because one is a house and the other is not.

An hon. MEMBER: Which is which?

Mr. MACKENZIE: Which is the house, ours or theirs?

Mr. JOHNSTON: I continue:

> These houses have been completed, and are occupied. As I said last year, I have no great complaint to make about the national housing scheme. I have carefully watched construction from the laying of the foundations to the time the families moved in. I have visited the homes after the families moved in, and I must say that under the national housing scheme the government has done a fairly good job.

But that is not the Veterans Land Act.

> The material is satisfactory, the workmanship has been well done, and the people are satisfied. But that was done by private contractors, and the individual was allowed free choice of his own contractor. He was permitted to get the design that he required and to go ahead with his house. The government did not assist him with any gifts.

When the minister starts quoting things he should be fair enough and quote the whole contents.

[Mr. Cruickshank.]

Mr. MACKENZIE: I quoted from a different page.

Mr. JOHNSTON: I want to continue with these letters because they are important.

The ACTING CHAIRMAN (Mr. Golding): I want to appeal to the committee to observe the rules. If we are going to make any progress every hon. member who is speaking ought to have an opportunity to present his case without interruption.

Mr. CRUICKSHANK: If he has a case.

The ACTING CHAIRMAN (Mr. Golding): I hope the hon. member will try to abide by the rules.

Mr. MACKENZIE: Let us get on with the work.

Mr. JOHNSTON: Thank you for your wise decision. You are always very just. To return to the letter, it reads:

> Now to return to our meeting with V.L.A. to-day. This meeting was called to see Mr. Wiber—

That is the man we were talking about a moment ago.

> —regarding our sidewalks and eavestroughing. Mr. Wiber wrote to one veteran last week saying we would not be getting these two items as the prices of our homes did not allow for it. Yet it has been understood right along that there was a contingency fund on each house of $250 for this purpose (told us also by Mr. Wiber a few months ago).

I should like to refer to one other paragraph as follows:

> At the meeting to-day we were told in so many words, that the repairs to our houses caused by faulty construction, were on a "cost plus" basis, and there was "only a chance", that next year, after final analysis of prices, that we may get sidewalks and eavestroughing. Mr. Wiber would not commit himself in any way in this respect. Some veterans have spent a lot of money on front lawn landscaping, in one instance $200, and this will be badly marked by dripping rain without eavestroughing.

The parliamentary assistant said that these repairs are going to be made. He says that if these windows are leaking, that is not very serious; if the wind blows the rain through on to the hardwood floors, that is not very serious.

Mr. TUCKER: On a question of privilege, I never said anything of the sort. The hon. member says that he wishes to be fair, but he has just said that I said—

The CHAIRMAN: Order.

Mr. TUCKER: On a question of privilege.

The CHAIRMAN: Order. When the Chairman rises I would ask all hon. members to resume their seats. The Chairman will then

call on the hon. member who has a right to speak. The parliamentary assistant has risen on a question of privilege.

Mr. TUCKER: My question is this: The hon. member said that I said that it was not serious when windows let the wind blow the rain in. I never said anything of the sort.

Mr. JOHNSTON: You have been quoting letters from engineers and others to show that the things I have been saying are not so.

Mr. CHEVRIER: Why did you accept his statement?

Mr. JOHNSTON: Because he has been saying right along that the things I have charged are wrong, that I have been speaking without a knowledge of the facts.

The CHAIRMAN: Speaking about windows, it seems to me that this question has been pretty well aired in the committee. It is not within my power to close off the discussion, but I think the committee would like it to come to an end as soon as possible.

Mr. FAIR: The hon. member for Bow River is trying to let in a little light; you have let out all the air.

Mr. MACKENZIE: Pull down the blinds.

Mr. JOHNSTON: I suppose there has been enough rain going through it to make the parliamentary assistant all wet.

Mr. MACKENZIE: So are you.

Mr. JOHNSTON: This may be a joke to the Minister of Veterans Affairs and his parliamentary assistant, but it is not a joke to these veterans who have come home from overseas expecting to get something for their money.

Mr. MACKENZIE. On a point of order, both the hon. member for Rosthern and the member for Vancouver Centre have done more for the veterans at all times than—

Mr. JOHNSTON: Will you sit down and listen to a few facts?

Mr. CRUICKSHANK: Will you allow veterans to talk about veterans affairs?

Mr. JOHNSTON: The veterans do not think there is much of a joke about this.

Mr. CRUICKSHANK: There has been plenty of joking.

The CHAIRMAN: I think it would expedite the proceedings of the committee if the hon. member for Bow River were allowed to continue without interruption. I think he will soon complete his remarks.

Mr. JOHNSTON: I am afraid the veterans will not think according to the minister.

Mr. MACKENZIE: They have for the last thirty years.

Mr. CRUICKSHANK: You would not know what the veterans are thinking of.

Mr. JOHNSTON: It is none of your business; just keep your place.

The CHAIRMAN: Order. It is most improper for one hon. member to tell another hon. member that it is none of his business.

An hon. MEMBER: Withdraw.

The CHAIRMAN: I am not asking any hon. member to withdraw a statement, but I think if we are to maintain decorum in this committee such statements should not be made. I would ask that the hon. member be permitted to continue without interruption.

Mr. CRUICKSHANK: I withdraw the remark. He is not a veteran; I still am.

Mr. JOHNSTON: That is none of your business. Do you think you are any better veteran than some who own these houses?

Mr. CRUICKSHANK: I am still a veteran; that is more than you are.

Mr. JOHNSTON: Do not get sassy either.

The CHAIRMAN: I must insist on all hon. members addressing the Chair. We will not make any progress in the committee if hon. members talk directly to one another. We must maintain order and as long as I am Chairman it is my duty to do so.

Mr. CRUICKSHANK: I apologize. Through you, I say I am still a veteran and he is not.

Mr. JOHNSTON: I will not stoop to the depths that some people stoop to.

Mr. SINCLAIR (Vancouver North): You will not rise to the heights either.

Mr. JOHNSTON: I would not have to go very far. I think this matter is too serious for members of this committee to make light of it. These difficulties will have to be ironed out, and I am endeavouring to point out these things to the government which has been attempting to disprove the statements I made. I should like to continue quoting from this letter:

> Nothing will be done regarding our windows leaking; however, it has been "graciously" granted to repair leaking basements and upturned shingles.

Then another paragraph:

> Mr. Findlater (Calgary district V.L.A. supervisor) and Mr. Turner (V.L.A. inspector, Calgary), here are doing what they can for us and their feelings are definitely on our side. It appears as if Mr. Wiber is deducting this "cost

plus" from our $250 contingency figure and bungalows are paying for the new floors in two-storey houses. He refused to-day to divulge what this $250 was being spent on as he said it wasn't our business.

Mr. LOW: Who made that statement?

Mr. JOHNSTON: Mr. Wiber, the official government inspector.

Mr. LOW: And he is reporting to whom?

Mr. JOHNSTON: To the chairman of the veterans committee in Calgary.

Mr. LOW: And you are reading the chairman's letter?

Mr. JOHNSTON: Yes. It goes on:

There are several new homes being built in our area at present, by veterans, who chose their own plans and own contractors, through V.L.A. These homes average $6,000 and this includes hardwood floors, fireplaces, plastered walls, stucco outside, sidewalks, garages and eavestroughing. Every one of these items are absent from our homes and yet the cost is similar.

That is a direct statement from this man.

An hon. MEMBER: Carried.

Mr. JOHNSTON: No, it is not carried. I want to put these facts on the record so that hon. members will know the treatment these veterans are getting.

I have a letter dated Calgary, June 18, 1946, addressed to myself, which shows that it is no small number of veterans who are being treated like this. The letter says:

This meeting was attended by some twenty veterans and I am instructed to pass on to you their unanimous good wishes and continued support in your kind efforts to assist us.

May I assure you, Mr. Chairman, that that is all I am endeavouring to do. The letter goes on:

If our good friend Mr. Murchison has any doubt as to the fairness of your statements or to the actual conditions of our complaints, we suggest that rather than sit back in Ottawa and doubt our statements and your own, that he make a visit to Calgary at once.

May I heartily endorse that suggestion. I think it is high time that this government sent out capable and competent inspectors to inspect these houses and see what kind of deal these veterans are getting. The letter goes on:

I am listing the names of the veterans who attended our meeting and certify their correctness and unfailing backing in your efforts to assist us.

Mr. D. Downie is writing a personal letter to you very shortly. Thanking you for your past kindnesses.

I have never received that letter from Mr. Downie.

[Mr. Johnston.]

Mr. MACKENZIE: Who signed that letter which the hon. member has just read?

Mr. JOHNSTON: H. S. Moore.

Mr. MACKENZIE: We have another one from him quite different.

Mr. JOHNSTON: I cannot help that. There is a P.S. to the letter:

P.S. The following persons attended the meeting on June 16, 1946.

Then follows the list of names which are the same except for one or two additions, and one notable thing is that Mr. Downie was not at that meeting. He was the man who was going to write to me and who wrote to the government the "To whom it may concern" letter. He was absent from this meeting on June 16. I could go on and read similar statements because I have had correspondence from these veterans continuously.

Mr. BLACKMORE: From where?

Mr. JOHNSTON: From the committee of veterans in Calgary. They are all of them home owners. I want to read just one paragraph from a letter dated July 4 and addressed to myself from H. S. Moore:

Last Friday, a fairly heavy rainstorm prevailed for ten minutes and, within five minutes of starting, my basement was swimming with water. I 'phoned Mr. Turner and after a severe tongue lashing, regarding this condition and his failure to repair this fault (along with many others) after being reported to him three weeks ago, he came up to inspect the basement. Saturday morning, Bennett and White people were there with electric hammers, etc., and have now repaired the poorly-poured cement.

I read that to emphasize my suggestion to the minister that samples of the cement should be taken to see whether the specifications were lived up to. The letter goes on:

As was understood at the time, my basement was to be repainted as they found it before work started. This has not been done so far (unless in my absence to-day), and I do not intend making any further payments, including July 1, until the house is repaired properly. I hope I am legally protected in this instance of my refusal to make payment.

May I suggest that if that veteran is not protected he should be. These basement walls, eight inches thick, were supposed to have been built with cement, five bags of cement to the square yard, and the cement walls were supposed to have been tarred on the outside, something that is not done in Calgary in one case in a hundred because it is not necessary. But, as I say, these cellar walls were supposed to have been tarred right down to the basement floor. They were on a cement footing, with a watershed on it, and when water can pour through an eight-inch cement wall that has

been tarred there is something definitely wrong. That is clear when men had to be sent out there to break the wall with electric hammers in order to repair it. You cannot tell me that these veterans are getting a square deal under those conditions, and I could quote other things just as bad as that.

Mr. FAIR: You have proved your case.

Mr. JOHNSTON: I intended to speak about the cost of these houses and the way the contracts were let. No contract in the list that was furnished to me in the return has been lived up to. In most cases the contract bid was around $5,000, but in every one of these cases, after the contract was let there was an addition which cost around $800. Before a contract is let, specifications are put out and the contractor submits his price thinking that those are the plans and specifications, but in every one of these cases the plans were changed. That is not a square deal. Mind you, Mr. Chairman, it is in the extras that the contractor makes his money. Surely the government knows that. When a contractor puts in an extra window or anything in addition to the specifications, up goes the cost. That is where he makes his money. I am not blaming the contractor for that, because that is the way the business is carried on. But the government is at fault there. I could speak for another forty minutes on contract prices. In every case a profit of from $100 to $300 is being made over the price set out. Of course, they say: That price is not the final price. I know that, but I venture to say that it will never be lower than the quoted price and in most cases it will be higher.

As I said when I made my last statement to the house, I estimated that it would cost between $500 and $1,000 to repair these houses. This estimate has been proven correct, and if this House of Commons allows these conditions to prevail and allows twenty-three or twenty-four veterans who are buying these houses to be treated in this way, I say it is a crime to treat in this way veterans who have been overseas. They are entitled to every consideration. The veteran who has fought for this country has every right to fair treatment, just the same as anybody else, and that is all I am asking. I am not looking for glory myself. I do not care if a word of mine on this subject is ever published. But I want these veterans to get a square deal.

Mr. MUTCH: Mr. Chairman, a farce is a farce, whether it is in the House of Commons or in the theatre. The main reason for my rising to-night, however, is not a desire to discuss specifically the situation in Calgary, of which I can have no personal knowledge, but to resent a slur which the previous speaker made on the committee, when he said a few moments ago, I admit with some heat because he has been pretty well steamed up all night, that he had brought this up because the veterans committee had apparently given it no consideration, and by implication he was much more interested and capable than the other sixty members of that committee. We had some fifty-one meetings, a considerable number of which were devoted to the discussion of this particular act under which these houses were built. The information which the hon. gentleman furnished and the information in rebuttal of it was before the committee; and it does not lie in his mouth, I think, as a member of this house to suggest that the members of that committee were not interested in the matter or that they were incapable of forming a judgment on it.

Beyond that, it is regrettable, of course, that in a discussion of this kind there should be so much of personalities and chitchat back and forth. Perhaps I have been to some extent guilty of it. But, as I say, that allegation against the committee I deny on behalf of myself and every member of the committee, and I think the hon. gentleman, when he reads *Hansard* to-morrow and notes what he has said, will perhaps regret it.

Mr. JOHNSTON: Mr. Chairman, on a point of privilege, the hon. member who has just spoken says that I was throwing aspersions on the committee which sat on this matter. I did no such thing. I was referring in that one instance to the veterans affairs committee which sat in this house, but I did not say that they did not consider housing; I did say that they did not spend much time on this particular aspect of it. I have here the official report of June 3, No. 26, and not more than one or two pages deal with this particular question. That is what I was referring to, not that the veterans affairs committee as a committee did not deal with the whole housing problem. I was not referring to that at all: I was referring to this particular item.

Mr. KIDD: I should like to bring to the attention of the Minister of Veterans Affairs one item, which came to my attention only this morning. It has to do with the priorities and restrictions in connection with the building of veterans homes. These particular homes are being built a mile or two outside the city of Kingston, not entirely under the directions of the minister's department, but by a private syndicate. Some thirty-five or forty homes are being built, and seven or eight veterans are taking advantage of this act.

They have procured the sites, and in order to progress with the work, particularly the ground work, it is necessary to construct roads and sewers for thirty-five or forty homes. This group of veterans which I mentioned before in the veterans committee want priorities in order to get drain pipe and sewage pipe, which has to be put down first; and the basins are made. If the Minister of Reconstruction and Supply were in his seat at the moment I would point out to him that he is holding up these priorities. To you, Mr. Chairman, I make my appeal that these men want to build these homes privately on the sites they have acquired under this act, and are prepared to go ahead, and I claim that they should not be held up for a few feet of soil pipe and so on. If the minister would have his officials look into the matter I think something could be accomplished.

Mr. MACKENZIE: I shall be very glad to take the matter up with the chief priority officer at once.

Mr. McIVOR: I should like to mention a case which proves that the officials of the Department of Veterans Affairs and the pension board are honest and sincere in their service. When I have placed before them the facts of needy cases, in not one instance have they failed. I will give one example. A farmer about a hundred miles west of Fort William said to me one day, "I hope you treat my boy better than I was treated." I said, "What is the matter with you? You look honest and you look healthy." "Well," he said, "I have not been able to do a decent day's work since I was discharged." And I believed him. I placed the case before the pension board. He was then getting $9 a month pension. Then he was sent to Deer Lodge hospital, near Winnipeg, and was given treatment for nearly a year. They found they could not treat him successfully and they gave him a pension of $60 a month. I think it is only due to our officials that I and those like me who have seen cases of this kind get honest and generous treatment should publicly mention the fact.

Mr. SINCLAIR (Vancouver North): I should like to refer to a question asked two or three days ago by the hon. member for Vancouver South, and also mentioned to-night by the hon. member for Fraser Valley, concerning small holdings. I was a member of the veterans committee. Most of us thought our job was done when the committee was finished, but a new interpretation of "small holdings" has been brought in, not by the Veterans' Land Act branch or the Department of Veterans Affairs, nor by the veterans affairs committee, but by the Minister of Reconstruction, and so I think any member of the veterans affairs committee should be quite free to discuss the matter here in the House of Commons.

The first mention of small holdings as far as the soldier is concerned came with this little pamphlet published by the Hon. Ian A. Mackenzie, Minister of Veterans Affairs, sent to all soldiers overseas in 1942. On page 4, in outlining what was to be done for the soldiers when they returned, it is stated in paragraph (b) that "small holding settlements means an urban, semi-rural or rural home of limited acreage located"—this phrase is especially important—"close to an employment opportunity." Then there follow almost two pages of explanation of this, and then one significant thing: "It is important that small holdings settlements referred to in (b) above should not be thought of only"—let me repeat —"only in relation to the larger and more highly industrialized centres of Canada." The rest of the page explains how the veteran who does not want to be a farmer is to be given this added security, if he has industrial employment, of having a home, a victory garden and a bit of land outside high-taxed areas in the city. Then further, in 1944, 1945 and 1946 all of us overseas received these "Back to Civil Life" pamphlets, which explained it still further; and since the war has been over the Veterans' Land Act administration have gone ahead—I think very well—in my own riding, in settling soldiers into these small holdings of an acre, or of half an acre in the vicinity of industrial employment. Now, in speaking of districts in my riding, I do not want to be parochial in my outlook, but fortunately the hon. member for Vancouver South three or four days ago mentioned in the house that, in the Vancouver area, certainly the most suitable places for small holdings were North Vancouver and Burnaby, both in my riding. The hon. member for Fraser Valley said the same thing this evening; and the minister, who is the member for Vancouver Centre, must certainly recognize that the two working-man districts of the Vancouver area are North Vancouver and Burnaby, both with ample land suitable for this purpose. This recent regulation of the Minister of Reconstruction, which was not discussed or approved by the veterans affairs committee, now limits these small holdings to communities of less than five thousand or more than fifteen miles from a metropolitan area, which, to my mind, just throws out of the window the small holdings which were promised to the veteran. A young man having industrial employment in Vancouver formerly

could take up a small holding in North Vancouver, Coquitlam, Burnaby or where he would have the advantage of low tax and have a victory garden, the suburbs of the town, so that industrial employment would be available to him. But that has been destroyed, not by the Department of Veterans Affairs, but by the Department of Reconstruction in connection with its new housing scheme. This is the proper place for the minister to give me a satisfactory answer, and it will not do for him simply to say, as has been said to the hon. member for Vancouver South and the hon. member for Fraser Valley, that the matter is under consideration. He should tell us why the department is throwing out of the window these promises made to the veterans that those with industrial jobs would have small holdings in adjacent suburbs made available to them.

Mr. MACKENZIE: I appreciate the remarks of the hon. member for Vancouver North. I wonder if all the members of the committee are familiar with the evolution of the Veterans Land Act. I wrote to the Prime Minister on October 30, 1939, asking for the formation of a committee on demobilization and reestablishment and that was acceded to on November 2, 1939, when the war was very young. We had a committee formed under General McDonald, who has now been called away from us, and the organizing genius of that committee was my deputy minister, Walter Woods. We formed fourteen subcommittees. One subcommittee was to deal with land settlement. We got what we believed were the finest experts from the various departments and called in practical farmers from all across Canada in every province to advise us, and they devoted eighteen months of study to the subject before making their recommendation. One from Winnipeg was killed in an aeroplane accident at Armstrong, Mr. Grier, just after he had attended one of our meetings.

Although I was not administering soldier settlement at that time, I asked for a parliamentary committee in 1942 to which would be appointed some of our veteran members, mostly farmer veteran members of the house. That committee went carefully into the report, with the guidance of and in consultation with the present director, and we drew up a bill. Although I was not the minister, I made a suggestion that that committee form a department of veterans affairs in Canada, and the committee agreed to that proposal and sent a report to the house, which this house accepted in 1942.

What I am coming to is basically fundamental. The main idea the committee had in mind at that time was that the Veterans' Land Act should be for the settlement of farms for veterans, while the other features were incidental. The small holdings and commercial fishermen's features were incidental. Perhaps unfortunately, however, these two features became the most popular parts of the legislation and, especially in view of housing conditions in Canada, there arose a tremendous outcry for small holdings and housing, because the terms were very favourable.

At that time, as the committee knows, there were three agencies in connection with housing: finance, wartime housing, and ourselves, the Veterans Land Act, in a small way. We built 2,700 houses last year. Our terms were so much more favourable that a great demand was made that we should go into urban housing. We felt, however, that if we did we were destroying the fundamental principles of the Veterans Land Act because our main purpose is settlement and not housing.

I greatly appreciate the strength of the presentation made by my hon. friend in regard to certain areas with which I am familiar, and I will discuss the matter with my colleague. As a matter of fact, it is being discussed now, and I shall do all I can to present the ideas that my hon. friend has expressed.

Mr. SINCLAIR (Vancouver North): I appreciate the minister's remarks, but he has not answered my question. All he has done is to say that a most careful study was given the subject by himself to begin with; then a committee of experts was appointed, and then the 1942 parliamentary committee on veterans affairs and that then they turned out this booklet which they sent to the troops, from which I will quote the main purpose in view:

> Thus the veterans land act is the flexible measure under which—

And this is in black face type: not one and subsidiary objectives, but "four main types of establishment are available." The first is farming, and, second, there is the small holding. What I as a veteran, and a member of the veterans affairs committee, object to strongly is that the minister, having shown this foresight in 1939, the department and its experts having done such a good job in establishing provisions for small holdings, the veterans affairs committee of 1942 having threshed the matter out and approved these provisions, and the department having presented these promises to the soldiers in booklet form, the soldiers having believed in it, and soldiers returning over a period of one or two years having been able to take advantage of it, it is then closed off The minister gives no reason why it was closed off. He simply says, "We are not going into urban settlement". But

these are not urban districts. Take the almost rural districts of Deep Cove and Lynn Valley, in North Vancouver, where veterans with industrial jobs in Vancouver could live. Will the minister tell the veterans, will he tell the members of this house, why the veterans affairs committee has changed from the policy of allowing soldiers with industrial jobs to get into these districts, not too remote from the city, where there is low taxation and where they can operate a small holding? Why this great departure? The minister should say why the change has been made, not by his department but by the Department of Reconstruction. If he will tell us that, then we shall be able to tell the veterans the reason for the change. But for the minister to tell me in his pleasant manner that the matter is under consideration is not good enough New matters are considered, but changes should be explained. Why was the change made? As a Vancouver member I should like to know just where veterans with small industrial jobs in Vancouver are to settle, if not in North Vancouver and Burnaby.

Mr. MACKENZIE: All I can say is that I will bring my hon. friend's very able presentation to the attention of my colleague.

Mr. SINCLAIR (Vancouver North): I am like my friend the hon. member for Bow River. All I want is an answer. We had a certain policy and it has now been changed. It is not a new matter to be studied and considered. It is something which should be explained to every veteran member of the house, why the Minister of Reconstruction and Supply and the Central Mortgage Corporation changed the promises made officially to the veterans and the policy under which such an excellent job had been done. I was glad the minister went into detail to tell us how much consideration had been given over a period of years to the setting up of these four main objectives, though one month ago the provisions for small holdings near cities was thrown out of the window.

Mr. MACKENZIE: It was not thrown out of the window. I want to be as emphatic as my hon. friend if he wants to be emphatic.

Mr. SINCLAIR (Vancouver North): I do.

Mr. MACKENZIE: It is not a change of policy but a development of policy, the result of the coordination of three departments under the Minister of Reconstruction and Supply—that is, the department of his own, the Department of Finance and the Department of Veterans Affairs in so far as houses are concerned—leaving complete independence to the Department of Veterans Affairs in its own affairs. I am taking most sympathetic note of my hon. friend's presentation, and I shall discuss it with the Minister of Reconstruction and Supply at the earliest possible moment.

Mr. SINCLAIR (Vancouver North): May I ask the minister just where veterans working in his own city riding of Vancouver Centre will qualify for small holdings close enough so that they will not bankrupt themselves by transportation back and forth? What districts can they settle in since North Vancouver and Burnaby are not available to them?

Mr. MACKENZIE: I am sympathetic to my hon. friend's remarks. Take Burnaby, which he represents in part. The taxation rate there is tremendously high in certain parts in connection with soldier settlement.

Mr. SINCLAIR (Vancouver North): The minister knows that the district of Burnaby has given to veterans with small holdings a special concession of taxes at $60 an acre, and the district of North Vancouver has also given special concession, the rate set by his department and now the veterans are rewarded by the department throwing this out of the window. I insist on that phrase. It has been thrown out of the window.

Mr. MACKENZIE: I object to that. I have not thrown anything out of the window.

Mr. SINCLAIR (Vancouver North): Then I shall merely say that this combination of the Department of Reconstruction, the Department of Finance and the Department of Veterans Affairs have flung it out the window, and I am very sorry to see that the Department of Veterans Affairs had any part of that.

Mr. CASTLEDEN: I should like to ask the minister who decides what regions are or are not applicable, as to employment opportunity?

Mr. MACKENZIE: The Minister of Reconstruction, after consultation with those who would represent the specific regions.

Mr. CASTLEDEN: Then will there be made available a list of those regions which would be suitable for small holdings?

Mr. MACKENZIE: I see no reason why not.

Mr. CASTLEDEN: Is there such a list?

Mr. MACKENZIE: We have had drawn up under the director, who is present here to-night, a list of regions throughout Canada as far as our programme goes, which is rather modest. We have been asked to build 4,000 units this year out of a total of 80,000 units throughout Canada as between private enterprise and governmental agencies. For four or five years now the director has been select-

ing areas for small holdings. Unfortunately, or at least I think unfortunately, it has developed into group settlement on a fairly large scale; that is, with houses in great units. My own idea would have been—probably I do not know very much about it—individual settlements and holdings out five, six, eight or ten miles, for those who would have employment opportunities in the cities; but they have developed into groups of settlements adjacent to urban boundaries.

Mr. CASTLEDEN: In view of the minister's answer, then, I hope a list of the areas which are considered suitable for such small holdings will be made available to veterans so that they may know what they are doing.

May I take up another matter arising out of my own experience in connection with the efforts of soldiers to get into some of these particular units? I understand that the department now requires them to present the certificate of an employer, stating that the particular veteran is now in permanent employment. What are the regulations in that regard? It seems to me there is too much opportunity here for throwing out the applications, and the boys are feeling considerable resentment about it. A number of boys in a certain area of my constituency are anxious to get settled on small holdings. They make their application. Finally, after a good deal of correspondence some representative goes to them, and the boys now find that one of the requirements is that their employer sign a statement for the department that the particular applicant is now in permanent employment. Is that one of the requirements?

Mr. MACKENZIE: Certainly; that was the basic purpose of the act, and unanimously endorsed by the committee in 1942, that small holdings were ancillary to industrial employment, and would not necessarily be self-sustaining, as against the settlement of farm areas which would be entirely farming settlements.

Mr. CASTLEDEN: But do you require as one of the requisites, in the case of a man wanting to get on a small holding—

Mr. MACKENZIE: Not in all cases, but it is done in some cases.

Mr. CASTLEDEN: That is the very point. Why the discrimination; and in which regions do you require such a statement from the employer?

Mr. MACKENZIE: We require a reasonable anticipation of success on the settlement.

Mr. CASTLEDEN: That is agreed, but there must be certain areas—

Mr. MACKENZIE: No; it is not regional at all. It is personal, in regard to certain industrial employment areas.

Mr. CASTLEDEN: Then can we say that in a certain small city in the west you would require that the employer sign a statement that the particular veteran making application for a small holding has employment, and that no veteran will have his application accepted unless he can produce such a statement?

Mr. MACKENZIE: There is no complete prohibition anywhere, but we endeavour to ascertain whether there is probable employment in view, and that is for the protection of the settler himself.

Mr. CASTLEDEN: From there where does it go? Who has the final decision? Take an actual case of a man—

Mr. MACKENZIE: The local advisory committee, of which there is one in almost every community in Canada.

Mr. CASTLEDEN: The advisory committee of the department?

Mr. MACKENZIE: No.

Mr. CASTLEDEN: What committee is it?

Mr. MACKENZIE: The number on the committee is not definitely stated; there may be three or five or seven. I am told there are now forty-five of these committees in Canada.

Mr. CASTLEDEN: You mean that every area in Canada is covered by some advisory committee?

Mr. MACKENZIE: Yes.

Mr. CASTLEDEN: And the applicant has to satisfy that committee?

Mr. MACKENZIE: That is it.

Mr. CASTLEDEN: This particular item covers the administration of soldier settlement. Does this have to do with the old soldier settlement administration?

Mr. MACKENZIE: Yes.

Mr. CASTLEDEN: Could the minister give us the figures for the last two years, separately, as to the cost of administration of soldier settlement, as nearly as they have it; the number of soldier settlers who have been deprived of their holdings, that is the settlers of world war No. 1, and also whether or not those holdings have been resold?

Mr. MACKENZIE: May I suggest to my hon. friend, if he does not mind, that we take up that matter to-morrow morning?

Mr. CASTLEDEN: Agreed.

Item stands.

Progress reported.

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

Friday, August 16, 1946

The house met at eleven o'clock.

PRIVILEGE

MR. DIEFENBAKER—REFERENCE TO RETURN RESPECTING CAMP BORDEN ARMY REJECTION OR MEDICAL DISCHARGES

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, I rise on a question of privilege to bring to the attention of the house a breach of the privileges of parliament by reason of the incompleteness and incorrectness of a return brought down yesterday, sessional paper No. 258, which was passed pursuant to an order of the house dated August 7, 1946.

The order in question reads as follows:

A copy of all correspondence passing between the Department of National Defence, and/or the Department of Labour, and/or the Department of Justice, and between any one or more of said departments since January, 1944, to date, in connection with the improper use of army rejection or medical discharges at Camp Borden, wherein one Arnold (also known as William Horrigan), allegedly along with one Bagley utilized army rejection or medical discharges which had been signed in, in blank, by former Major J. A. Elliott, A.19, R.C.A.S.C.

A perusal of the documents produced yesterday shows that in spite of the fact that parliament passed the order without any qualifications that any documents should be refused, a number of the letters have been deliberately omitted and the file is in the position of having been stripped and denuded of four known letters, as well as others. The four letters which do not appear in the file are the following:

(1) A letter from Mr. Robinette, K.C., of Toronto, dated March 22, referred to in letter of March 26.

(2) Letter from Mr. Miall to Mr. Anderson, dated the 26th of March.

(3) Copy of letter, October 12, from Mr. Robinette, K.C., sent to Mr. MacNamara, the deputy minister.

(4) Letter of the deputy minister of justice to Mr. MacNamara, dated the 19th of October, 1945.

[Mr. Castleden.]

These four letters are referred to in the correspondence produced, but have not been produced.

In addition to that there is correspondence I know of which shows that the R.C.M.P. found a definite case against Arnold, Elliott and Bagley, and that there was also evidence that the fake medical rejection certificates signed by Elliott at Camp Borden with the name of the recipient left in blank were sold to various persons, one of the recipients claiming that he had paid approximately $1,300 to Bagley.

I say, sir, that when letters in the possession of the department or departments of government are deleted from the record when a return or reply is brought down to this house, it is an affront to parliament and to the privileges of parliament. Parliament is entitled to full information, not to information as selected by government officials, or as to what information government officials consider sufficient for the needs or good of parliament.

This case has odoriferous characteristics. The deletion of a major portion of the record will not down the suspicion that there were reasons why the Royal Canadian Mounted Police report recommending prosecution was departed from on the recommendations of the Deputy Minister of Labour.

What I want to know is this: Where are the rest of the documents, and when will they be produced?

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): May I say that the Minister of National Defence, who has been engaged for two or three hours with treasury board, will be here later to-day, and will reply, effectively, as usual, to the allegations of my hon. friend.

CANADIAN ARMED FORCES

ABSENTEES AND DESERTERS—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 31

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I beg leave to move the adjournment of the house, seconded by the hon. member for Kingston City (Mr. Kidd), under standing order 31, to discuss a definite matter of public importance, namely an order of the privy council passed as amnesty for 20,553 deserters and draft dodgers and including 14,000 deserters and absentees still at large in Canada who are declared never to have served.

The government has no power to pass an order in council such as this, over the head of

parliament while it is in session. It is ultra vires and against the provisions of the criminal code.

Mr. SPEAKER: I have read carefully the hon. member's motion, and I do not see any urgency in it which would warrant a motion for adjournment of the house to discuss a matter of public importance. The estimates of the Minister of National Defence will be before the house, at which time the hon. member will have an opportunity to discuss the matter.

Mr. CHURCH: Do I understand then that there will be an opportunity to raise this question on the minister's estimates or on the motion to go into supply?

Mr. SPEAKER: Yes.

Mr. CHURCH: It is an insult to the glorious dead of two wars.

[*Later:*]

Mr. CHURCH: I should like to ask the Minister of National Defence to table the order in council passed yesterday, and the opinion of the Department of Justice.

Right Hon. L. S. ST. LAURENT (Minister of Justice): The order in council was tabled yesterday.

WHEAT

LOADING OF SHIPS AT CHURCHILL

On the orders of the day:

Mr. R. R. KNIGHT (Saskatoon City): I should like to direct a question to the Minister of Trade and Commerce. Can the minister give the house assurance that there is sufficient wheat in Churchill to provide a full load for each of the six large ships which are there or en route? I am sorry I did not give the minister much notice of this question.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I received notice of the hon. member's question just before I came into the house, and I asked that inquiries be made to enable me to make a full answer. I may say, however, that my understanding is that there has been and is sufficient wheat at Churchill to load all the vessels on the way to that port. I know also that a certain amount of freight has been shipped into Churchill in the hope of exporting it to the old country via that port, but instructions have been issued that the grain shall have priority. I am making further inquiries, and if I get anything additional I shall be glad to give it to the hon. member.

Mr. KNIGHT: For the minister's information I may say that a wire received from Churchill to-day says that they are 100,000 bushels short of the amount necessary to load these ships.

LABOUR CONDITIONS

TYPOGRAPHICAL UNION—WINNIPEG NEWSPAPERS

On the orders of the day:

Mr. A. L. SMITH (Calgary West): I should like to direct a question to the Minister of Labour, of which I have not given him notice, but it is really a pro forma matter. I understand a gentleman by the name of Card made a report some months ago to the minister with reference to the dispute in Winnipeg between a newspaper and its employees. I do not think this has been made public and I would ask the minister if he will table the report.

Hon. HUMPHREY MITCHELL (Minister of Labour): I will consider the request of my hon. friend.

Mr. SMITH (Calgary West): I gather that the minister will conclude something by to-morrow.

PARLIAMENTARY RESTAURANT

ALLEGED WASTE OF FOOD IN CAFETERIA

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): I should like to direct a question to a minister, but I do not know to which one I should direct it; perhaps I should address it to you, Mr. Speaker. I would like to know the name of the stupid, inefficient servant of this government who issued instructions that food should be deliberately wasted in the cafeteria.

FOREIGN EXCHANGE

On the orders of the day:

Mr. E. G. McCULLOUGH (Assiniboia): I should like to address a question to the Acting Minister of Finance, based on an article appearing in the Ottawa *Journal* of August 13, 1946. It reads:

> Watertown police shun Canadian money
> The discount on Canadian money in Watertown and other northern New York state cities is six cents on the dollar to-day. In most stores the charge is one cent on a dime,—

Mr. SPEAKER: The hon. member is out of order; he should ask his question without making statements.

MOTOR VEHICLES

PEACE RIVER DISTRICT—INCREASE IN PRICE OF FORD TRACTOR PARTS

On the orders of the day:

Mr. SOLON E. LOW (Peace River): I should like to direct a question to the Minister of Reconstruction and Supply. Protests have reached me with regard to a recent twenty per cent increase in the Peace River district in the price of repair parts for Ford tractors. Are these parts manufactured in Canada?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): The department of reconstruction does not regulate prices. I know nothing about any recent increase or adjustment in the prices of Ford parts, and of course I cannot say whether the parts referred to by my hon. friend are made in Canada.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CONSTRUCTION OF LINE FROM BARRAUTE TO KIASK FALLS, QUEBEC

Hon. LIONEL CHEVRIER (Minister of Transport) moved that the house go into committee on bill No. 345, respecting the construction of a line of railway by Canadian National Railway Company from Barraute to Kiask Falls on the Bell river in the province of Quebec.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

On section 1—Construction and completion.

Mr. MacNICOL: I want to say a few words about this bill, and I imagine that as a result of what I say the minister will give us some information. I notice in the proceedings of the committee which considered this bill a few days ago that a witness is reported as having said that there are about 75,000 people living in this area. The minister is reported on page 45 to have asked:

> Are there not about 75,000 people in that country?
>
> The Witness: There are about 75,000 in the country.

I hope that the support given by this house to this bill is not based on information such as that. The whole riding of Chapleau, which extends for 350 miles from east to west, has only about 45,000 people, or less.

Mr. BRADETTE: There are many more than that.

Mr. MacNICOL: The 1941 census shows 43,416, so when I said "or less" I was about correct. I do not usually make misstatements.

[Mr. Speaker.]

I am for the bill, and I am not making this statement to oppose it, but I do want to feel certain that the line is going to pay. We have altogether too many branch lines on the Canadian National Railways that are nothing but white elephants.

I notice that the pulpwood from Barraute will have to be taken by freight to Windsor Mills in Quebec, a distance of about 500 miles. Is that not quite a long distance to take pulpwood? I am just wondering whether it would be an investment. I notice in the evidence this statement by a witness: "We know that the soil is excellent." There is no reason why it should not be. It appears to me to be the same type of country as in northern Ontario and should be a good farming country. But it is the next statement made by the witness that makes me wonder:

> There is a rather happy compensating feature which is present. This whole country slopes to the north and the consequence is that as you go north you lower the elevation.

The elevation at Barraute is 1,024 feet above sea level, and at lake Mattagami, a hundred miles north, the elevation is 765 feet. That is not much of a slope in 100 miles. I know the minister's task as administrator of this department is an onerous one, but I would suggest that in receiving from the Canadian National Railways applications for branch lines all the particulars pertaining to the country to be run through be studied by him as well as by those who furnish him with reports. I am not opposing the bill. In fact I am all for that country being opened up. But the little information supplied is not a very good foundation on which to base a programme of construction.

I suggest to the minister, although this has nothing to do with the bill, that when it comes to the construction of branch lines he consider extending the branch line in Saskatchewan from St. Walburg to Heinsburg, a distance of about forty miles. That is a cut-off which the whole population in that part of Saskatchewan have been begging for, so that they would have a through line from Prince Albert to Edmonton. The proposed branch line in this bill is all right, but we must keep in mind other branch lines. I would also suggest that the Canadian National railway and the Canadian Pacific railway from Peace River west be completed.

The CHAIRMAN: Order. May I ask the hon. member for Davenport not to discuss other branch lines than the one referred to in the bill.

Mr. MacNICOL: I have gone as far as I wanted to go, Mr. Chairman.

Mr. CHEVRIER: The hon. member for Davenport has stated that the minister should make sure in presenting any of these projects that the information which he receives is accurate. The minister can only rely on the information he receives from the engineers in the Department of Transport as well as from those in the Canadian National Railways. I have studied this project fairly thoroughly, and I have come to the conclusion that it is a good one, and one which should be profitable.

The hon. gentleman has asked three questions. With reference to his first question I say to him that the Canadian National railways is not relying exclusively on the factor of population, but it is relying on the natural resources, the timber, agriculture, colonization and fisheries, and upon other indications that were given by the witness before the committee. So far as the soil is concerned I cannot say a great deal more than was said by the witness himself. He is an expert, perhaps one of the best engineers in this country, and he considers that there is a good agricultural area there. It is a clay belt lying to the west of Bell river, and the slope is a gradual one. He goes on further to say that it is a successful agricultural area because people have already established themselves along the transcontinental line north of Barraute.

Mr. MacNICOL: The pulpwood will have to be taken out on the transcontinental down to Quebec, across the bridge, and to Windsor Mills where the mill is, because the timber limits in that district have become practically exhausted. What is the basis for the statement that there is a population of 75,000 in that area?

Mr. CHEVRIER: According to the 1944 statistics the population in that area was 75,000, approximately 15,000 of whom were living in towns and villages and 60,000 in rural areas.

Mr. MacNICOL: I am not opposing the bill, but I want to point out that it should be founded on correct information. If there are 75,000 people there now, the 1941 census was wholly wrong because it states that there were 43,416 people in the whole Chapleau riding.

Mr. CHEVRIER: The statistics I have show 67,689 for 1941.

Mr. MacNICOL: For where?

Mr. CHEVRIER: Those are the figures given in the agricultural census for the Abitibi area excluding Timiskaming.

Mr. MacNICOL: This branch line runs north from Barraute to near Kiask Falls on the Bell river. In that area the population must be very small. Perhaps over the whole area, 350 miles from the eastern boundary of Chapleau riding to the Ontario border, there might be a population of 43,416, but obviously there cannot be 75,000 people in the area served by the railway. The whole area covers a distance of only 350 miles from the Ontario border to right down beyond Raymond, and the population according to the census is 43,416. I am simply pointing out that we cannot base our judgment on a statement such as that, that the population is 75,000.

Mr. CHEVRIER: The construction of this branch line is not being decided on that alone.

Mr. MacNICOL: No, but that was put up to the committee as being a real argument for the construction of the railway. I know that the country is full of pulpwood and that it would be a good thing to get it out. I cannot understand why a mill is not proposed at Kiask Falls. Then the pulpwood would have to be hauled only a few miles instead of taking it down to Windsor Mills, a distance of 525 miles.

Mr. COLDWELL: How long is it estimated the pulpwood will last in that area?

Mr. CHEVRIER: In perpetuity.

Mr. COLDWELL: Is there a reforestation plan there?

Mr. CHEVRIER: No. But the plan provides for taking off about two per cent of the cut per year, which amounts to approximately 100,000 cords. I have not the exact figure here, but it was given in the evidence.

Mr. MacNICOL: It was 100,000 cords per year.

Mr. CHEVRIER: I thank the hon. gentleman. I thought that is what it was, and according to the plan the larger timber will be taken off and the small timber allowed to grow. The engineers are positive, according to the evidence given by Mr. Fairweather to the committee, that there is not the slightest danger of that area being stripped, but that the timber can be cut in perpetuity in accordance with the plan.

Mr. TOWNLEY-SMITH: The hon. member for Davenport mentioned a railway in northern Saskatchewan.

The CHAIRMAN: Order. I ruled the hon. member for Davenport out of order when he referred to that branch line. I do not think this bill is wide enough to allow of the discussion of any railway except the one referred to in the bill.

Mr. COLDWELL: May I point out, Mr. Chairman, that we are discussing the expenditure of money for a branch line in this particular area to serve a mill, and surely the hon. member has the right to suggest that when we can build a railway fifty-five miles long to serve a mill we can build branch lines to serve a very large number of people who have been settled in a farming area for thirty years. That is what the hon. member for North Battleford wants to do and what the hon. member for Davenport wants to do. Surely the comparison is legitimate, in discussing a bill of this description. The St. Walburg people have been waiting for quite a long time.

Mr. CHEVRIER: Tho hon. member will be able to discuss his branch line from St. Walburg to Bonnyville fully on my estimates, if he wishes, and, I hope, later to-day. But I think the ruling of the chairman is a correct one, that we are dealing with this one bill and should limit the discussion to that.

Mr. CHURCH: I am not opposed to the principle of the bill, but I want to point out that we had a very unfortunate experience after the last war with the Canadian National and the branch lines they built to parallel other railways. Consequently the bill, while the minister has given a very fine explanation of it from an economic standpoint, an agricultural standpoint, and regarding the resources of the district, violates a sound principle enunciated by the Drayton-Acworth commission in 1917, namely that branch lines shall not be constructed until a report on them has been received from the railway commission. The railway commission is now the board of transport commissioners; they have never seen this bill. In the next place, the minister has said that the line is going to cost $75,000 a mile—a lot of money; the estimate amounts to $4,125,000; and regarding the agricultural features of the enterprise, with the shortage of farm implements and labour and the rest, it is a question if very much can be expected in agriculture there as yet. Since becoming a member of parliament I have been a warm supporter of the development of the mineral industry of this country both in the provinces of Ontario and Quebec, and admire what it has done for the country. In Quebec the Abitibi company have done a good deal of development and there has been a lot of litigation, but I hope the enterprise will be successful in the end.

One of the defects I see in this recommendation is that no supply of cheap light and power is assured as was proposed when the Temiskaming and Northern Ontario railway was built in Ontario. The mistake was that the T. & N.O. should have been electrified, thus resulting in a vast increase in the production of gold, silver and other base metals in Ontario. A provision of this kind should be made in the present bill.

While I support the principle of the bill, I want to find out how the minister proposes to finance it. An expenditure of over $4,000,000 is involved; and I am afraid that if we pass this one bill without any criticism it is going to open up the floodgates for the construction of branch lines. After the last war branch lines were constructed all over the country, many of them duplications of existing facilities, and many of them afterwards scrapped. That will not be so in this case, because I believe this is a good venture for the government. But I would point out to the minister that if he has all this money to spend out of the vast vote he received last year, he might spend some of it on better rolling stock and other equipment in Ontario.

Mr. MACDONNELL (Muskoka-Ontario): If I remember rightly—I am not relying wholly on my memory; I have *Hansard* before me—the minister, when the bill was introduced, referred to a guarantee of the operating costs over the first few years. I think we should be sympathetic towards this bill; I am personally sympathetic, but at the same time I feel that I am being asked to vote for something which I do not know enough about. I have not had a chance to read carefully the report of the committee, which was put in our hands only recently, but unless there is something in it which I have not observed I do not think it covers what I think the minister undertook to give us when we were in committee before, namely a breakdown of the operating revenue and expenditure. Surely that is reasonable, and I am not clear on it, maybe because I have not read the report carefully enough.

At page 48 of the committee's report there is reference to gross revenue over the first six, or perhaps five years of $3,000,000. It gives the percentages, which I will not bother to read. Perhaps the minister will read them and will give us the facts. But it seems to me that this represents a very large anticipated revenue from cordwood. I imagine we have to take the risk of not having a full operation and of only getting the smaller amount of $3 per cord which is referred to in the penalty clause. But will the minister now give us a breakdown of operating revenue and expenditure, and just in detail what he expects? I may add that when we were on this matter before the minister agreed that we should

[The Chairman.]

for the first period regard as virtually nil the revenue other than that from the cordwood.

Mr. CHEVRIER: I think I can answer that. The hon. member for Muskoka-Ontario asked a number of questions when this bill was discussed in the house, and when I answered the hon. member for St. John-Albert I said to him that the matter would be referred to a committee. The hon. gentleman immediately got to his feet and said "If that is the case it is quite satisfactory to me; any questions we have will be asked there", and the hon. gentleman then resumed his seat. An opportunity was given to discuss in the committee on railways, canals and telegraph lines any of the matters which had to do with the construction of this railway, from the point of view either of cost or of natural resources or traffic, and that was done one day this week.

With reference to the statement which my hon. friend asks for, the statement which was given by the expert before the committee was that the total expected revenues would be $3,007,000. These expected revenues from traffic in that area were broken down in this manner—and I think perhaps this is what my hon. friend wants: 68·5 per cent of the revenue of $3,007,000 is to be obtained from pulpwood, or that is the expectation; 7·3 per cent from agricultural commodities and other outward freight down to Barraute, and then on through the transcontinental; 14·2 per cent represents inbound freight, settlers' supplies and things of that nature; and 10 per cent represents passenger, mail and express. That is the manner in which the engineer for the Canadian National railways broke it down. It was also stated that the out-of-pocket expenses would be $2,016,000, and there would be an anticipated surplus at the end of the six year operation, thanks to the guarantee of the Canada Paper, of some $97,000.

Mr. MACDONNELL (Muskoka-Ontario): I am not going to pursue the smaller items in the estimate of revenue; I think we have to rely on the railway's experts for them, but I think it is reasonable to ask, and I do ask, how this 68·5 per cent is made up,—how much of it comes from the paper company, and exactly what it represents in total of cords and freight rate on cords hauled.

Mr. CHEVRIER: I cannot give the freight rate. That is a matter to be fixed. All I can say is that the 68·5 per cent which represents about two-thirds of the revenue will come from pulpwood which will be cut either by Canada Paper or by settlers who will go there.

Mr. MACDONNELL (Muskoka-Ontario): How can the minister say he has this definite estimate of revenue if the freight rate is not fixed?

Mr. CHEVRIER: What I mean is that it has not been fixed so far as the board of transport commissioners is concerned, but it has been agreed upon by the rail company and Canada Paper.

Mr. MACDONNELL (Muskoka-Ontario): What is the rate?

Mr. CHEVRIER: I do not know what it is.

Mr. MACDONNELL (Muskoka-Ontario): I do not want to be persistent or disageeable or to block things, but it does not seem to me reasonable. Unless I read this carelessly, this question was not brought out before the committee. I expected to find it brought out here but it is not here, and we are asked to vote on something as to which we are not informed at all. It does not seem to me a reasonable proceeding. The question I am asking is one which, I think, an ordinary intelligent child would ask if a proposal of this kind were put before it, and this house of mature people is asked to vote on something on which the vital figure is not given. That is a plain, inescapable statement of fact.

Mr. CHEVRIER: I do not agree with the remarks of the hon. gentleman. He says he is in favour of the principle of the bill, and notwithstanding that he asks that there be given here information which it is difficult to give. The hon. gentleman could have gone to the committee and have obtained this information from the expert who was there to give it, but now he comes before the committee and asks me to give it to him. I will give it. I will get the experts right now and obtain it for him. But I am wondering whether the hon. gentleman is in favour of the bill, as he says he is, or whether he is against it. Why does he not speak up and tell us where he really stands, whether he is for it or against it.

Mr. BRADETTE: He cannot have it both ways. Why did he not go before the committee?

Mr. MACDONNELL (Muskoka-Ontario): The reason that I was not before the committee is that I am not a member of the committee.

Mr. MACKENZIE: That makes no difference. Any member of the House of Commons can go before a committee.

Mr. MACDONNELL (Muskoka-Ontario): I am not a member of the committee and I did not have notice of the meeting of the committee. I believe that even the Minister of Veterans Affairs, with his notorious fairness, will admit that one has quite a number of things to work at at this time of the session.

Mr. MACKENZIE: I think I am doing my share.

Mr. MACDONNELL (Muskoka-Ontario): I am asking a question which I think is reasonable. Frankly, if I may express my real feeling, I think the minister was negligent in not bringing this out before the committee, as he said he would do in the House of Commons, and I thought when I asked that question—

Mr. CHEVRIER: Mr. Chairman, on a point of order, the hon. gentleman has said that I was negligent in not bringing this out before the committee. I do not think he has any right to say that. It is a reflection on me, and I object to his making that statement.

Mr. MACKENZIE: Withdraw.

Mr. MACDONNELL (Muskoka-Ontario): I do not wish to reflect on the minister. I will withdraw it and say I think it was a regrettable oversight on the part of the minister not to have brought this out before the committee. However, what I am coming to is this. I want to ask the minister a simple question. Does he think that this house should pass on this $4,000,000 without having knowledge of the question, which I believe he will agree with me—if he does not, let him say so—is the very first question that any intelligent man would ask before voting on this measure? Does he think it is an unreasonable question? If not, should it not be on the record? Does he want this matter voted on? Let us assume that this all goes wrong, as branch lines have done in the past. Let us assume that it goes wrong some years from now, that it does not turn out very well. Does he want us to be put in the position of having it appear that we all voted for it without knowing what we were doing? I do not want to be put in that position, and I doubt whether he does either.

An hon. MEMBER: He is opposed to the bill.

Mr. MACDONNELL (Muskoka-Ontario): I am not opposed to the bill.

[Mr. Macdonnell.]

Mr. CHEVRIER: The hon. gentleman asked that question when we discussed the matter before, and he will remember that at that time he said, "Oh, all right; if that is the position, that it is going to be referred to the committee, then it is all right".

Mr. MACDONNELL (Muskoka-Ontario): And the question answered.

Mr. CHEVRIER: My hon. friend said a moment ago he was not a member of the committee. That is true, but if he was interested, as he says he is, he could have gone to the committee as the member for Peel went to a committee and asked permission to give evidence and was heard. That hon. gentleman was granted that permission, and so could my hon. friend have obtained it. He could have asked one of his colleagues, a member of the committee, to submit the question, if he did not care to follow that course. He saw fit not to take either course, and I had every reason to take it for granted that he was satisfied. He is not satisfied, and of course he has every right to ask for the information which he wishes to have. The expert of the Canadian National Railways has come forward and has made a statement after a complete survey was made not only of the natural resources of the province of Quebec but also of the area that is to be tapped and where the projected line will go. Not only has he gone into that, but he has also gone into the financial aspect, and his statement, which I have no reason to disbelieve—

Mr. MACDONNELL (Muskoka-Ontario): Nor I.

Mr. CHEVRIER: —since, as I believe, he is one of the best railway engineers in this country—

Mr. MACDONNELL (Muskoka-Ontario): I would think so.

Mr. CHEVRIER: —and as he has shown on more than one occasion—his statement, I say, is that according to the estimates the revenue will be three million and seven, and of that so much will come from pulpwood and so much from other sources. He was not asked at that time to break down the revenue of three million and seven, and although my hon. friend says it was an oversight on my part, I say there is no obligation on the part of the Minister of Transport to take that attitude in committee, provided he is satisfied in his own mind that the statements given by the expert are fair and reasonable.

Mr. MACKENZIE: It is the duty of the committee.

Mr. CHEVRIER: The committee has certain duties to perform, and it did perform those duties. The minister also has responsibilities, and he may rely on the evidence and on the integrity of his advisers who bring these matters before him. The hon. gentleman asks what is the freight rate. I am informed that it will be $6 per cord.

Mr. JACKMAN: Between what points does that $6 apply? Is it just the 55 miles of new projected railway?

Mr. CHEVRIER: On 43·7 miles from Barraute to the southeastern corner of the township of Laas.

Mr. JACKMAN: Six dollars a cord seems extraordinarily high for the company to stand if it is to cover only 43 miles. How far is it from the middle portion of the projected line?

Mr. CHEVRIER: The $6 a cord is from the southeast corner of the township of Laas to Barraute on to the transcontinental across the Quebec bridge into the area of the Quebec mills, and it is an average that has been struck.

Mr. GOURD (Chapleau) (Translation): Mr. Chairman, this matter concerns my constituency. I must say frankly that it is the same old argument which our Tory or Toronto friends have always brought up against the province of Quebec.

I should say, in passing, that this proposed railway line of 47 miles from Barraute northward to Kiask Falls about which we have just heard, will not only supply a paper mill, as the hon. member for Rosetown-Biggar (Mr. Coldwell) said a few moments ago, but it will primarily develop land settlement. And, as has been evidenced for a long time, we have lands suitable for settlement. It should not be forgotten that at the time of my arrival at Amos in 1912, in the very area with which we are now dealing, there was absolutely no development there. Today, we have a population of about 600,000. This goes to show that the area is worthy of being developed. Now, the proposed railway line would serve timber limits containing 6,000,000 cords of pulpwood, and consequently if that line can handle 150,000 cords per year, we may be sure that the receipts will exceed the expenses incurred, and will not cost one cent to the Canadian National Railways.

Profits will be derived from the operation of the railway line from Barraute to the great water power site of Kiask Falls. The profits made will be the same as those which have always been drawn from our part of the Abitibi district? The Abitibi district and northern Quebec are not responsible for the deficit of the Canadian National Railways; on the contrary, it is rather that area which covers the deficits that have resulted from the fact that too many branch lines have been built in the west and in Ontario, while we never had our share in Quebec.

To me, such charges are truly ridiculous, and show that those who make them are ignorant of facts.

That line will make possible the development of the north country. As is well known, large quantities of ore are to be found in the north. Full particulars have been given during the discussion on gold mining, and everyone knows that the proposed line is essential to the prosperity of this country.

The line will be built not only in the interests of my constituency, but in the interests of the whole province and even of Canada at large, and I hope that this measure will be passed unanimously.

Mr. HACKETT: Mr. Chairman, I should like to make it clear that it is not a question of opposition on the part of the city of Toronto, the matter is simply that—

Mr. CHEVRIER: It looks like it.

Mr. HACKETT: No.

Mr. GOURD (Chapleau): It is the same old story, they are always against Quebec.

Mr. HACKETT: No. At all events, I may point out to my opponents that I do not come from Toronto.

Mr. CHEVRIER: Should I say: so much the better?

Mr. HACKETT: And my greatest wish is that the railway line should be built.

Mr. CHEVRIER: Hear, hear.

Mr. HACKETT: I would like that railway line to be built, but I want to know whether it will pay sufficiently to meet its cost. I wish to make it clear to the hon. member that we were asking only for particulars, we simply asked about the freight rates so as to know what the revenue will be. To my mind those are reasonable questions to ask.

Mr. GOURD (Chapleau): Why did you not come to the committee? That was discussed in the railway committee.

Mr. HACKETT: What did the hon. member say?

Mr. GOURD (Chapleau): All that was discussed in the railway committee.

Mr. HACKETT: No, that was not discussed. I have before me the committee's report, and those questions were not answered. That is why we ask for that information to-day.

I rather incline to think that the minister was right, when he said a few moments ago, that he would obtain those particulars. I am sure that he must have them, because he is a shrewd man, a business man. I could not believe that he would support the building of a railway line that would not pay for itself, but as a matter of fact there is nothing on record to show that the line would pay for itself.

Mr. CHEVRIER: There will never be anything to prove that this railway line can be a paying proposition, as long as it has not been built.

Mr. HACKETT: I must say to the honourable minister that he is mistaken, because the planning of the undertaking should indicate that profits can be expected, and for that reason, we should be told how much freight can be handled and what rates can be charged. We only ask for reasonable information, so that, as reasonable men, we may pass judgment on the bill; in the absence of such information it would be impossible for the government as well as for the opposition to pass judgment on that matter.

Then, Mr. Chairman, I would ask the honourable the minister to do what he suggested a few moments ago when he said that he could ask his experts to come with the figures we have requested. I am sure that he has them on file, and if he would consent to leave this bill in abeyance until this afternoon, for instance—

Mr. CHEVRIER: No, no.

Mr. HACKETT: Or postpone this discussion for half an hour, if it is more convenient.

Mr. CHEVRIER: No, no.

Mr. HACKETT: He could send for the information with a view to clearing up the situation. Moreover. I wish to assure the hon. member for Chapleau that there is no opposition to the project itself, provided it is reasonable. We merely ask to be shown that the project is reasonable.

Mr. CHEVRIER: I must remind the hon. member that on the second reading of the bill, I placed on *Hansard* figures showing the estimated revenue, expenses, and surplus. It is impossible, in a discussion like this one, to prove beyond all question that the proposed railway line will be a paying proposition or not; we can only submit an estimation and that is what I have done. I must admit quite frankly that I cannot prove beyond peradventure to the hon. members that the proposed railway will be a paying proposition, but I can tell them that the C.N.R. experts who have made a comprehensive and very careful study, have come to the conclusion that it will yield $97,000 a year. Those are the figures I can give to the hon. member and I think he should accept them, since they are given not only by myself, in good faith, in my official capacity, but also by my advisers.

Mr. HACKETT: The good faith of the minister is not questioned at all. Besides, he knows that I have the deepest respect for his person. He gave us the conclusions, while what we want are the facts on which they rest.

Mr. RICHARD (Ottawa East): You could have obtained them before.

Mr. HACKETT: I am convinced that our good friend the hon. member for Chapleau, who is a shrewd business man, would not buy a farm simply on the strength of the owner's assertion that it was a good one. He would want to know the dimensions, the kind of timber it contains, and whether the soil is good, and so on. That is not the kind of question for which we request an answer, and when those matters have been dealt with and we have been given the necessary information, the opposition, so far as I can speak on its behalf, will be satisfied. Its concern is that the proposed railway line should bring good profits.

Mr. MACDONNELL (Muskoka-Ontario) (Text): I want to add a word. I think I understood what the minister said, because he speaks so clearly in French. I wish to assure him that I am not asking for the last detail. I repeat, I am in favour of the principle of the bill. I will say that I was negligent in not arranging to have these questions asked, but he will agree that it is a reasonable question. The reason I am asking the question is that if anyone asks me why I voted for this bill I shall be able to tell him. I am merely asking the minister to give me one vital figure. I know that the minister cannot be held to a dollar, but I ask him how much of the $600,000 that is expected will be obtained from the carriage of pulpwood on that line.

Mr. CHEVRIER: I imagine that what the hon. gentleman is requesting is the proportion of the amount of revenue derived from the $3,007,000 expected over the period of six years. I can only refer him to the evidence of Mr. Fairweather, who said that of the $3,007,000, 68·5 per cent would be derived from the carriage of pulpwood. The hon. gentleman asked that I break that down further, and after I brought one of the officers down here I said to him that that would be obtained from pulpwood at the rate of $6 per cord. What more does the hon. gentleman want than that?

Mr. MACDONNELL (Muskoka-Ontario): That would have been perfectly satisfactory except that the minister said afterwards, if I understood him, that this amount did not wholly pertain to pulpwood, that it was a charge for a further carriage of—

Mr. HACKETT: It is only one-tenth of the haul. It is over four hundred miles from this point to Windsor Mills.

Mr. MacNICOL: It is 525.

Mr. HACKETT: And only forty-three miles of it are included in the $6 charge for pulpwood; therefore the revenue to be derived from that would possibly be 30 or 40 cents.

Mr. CHEVRIER: I must say that $6 per cord is on the whole route from the south-east corner of Laas down to Windsor Mills.

Mr. HACKETT: Can the minister get that information? I should like him to accept the assurance that all we want is reasonable information which will enable us to deal with the matter in a reasonable way. We do not want to bother or hinder the minister.

Mr. CHEVRIER: I am afraid I cannot give the hon. member any more information than I have at my disposal. That is the information which was given to me by Mr. Fairweather and which he had available in the committee; and it is based upon this, that in view of the guarantee of Canada Paper there is an estimated surplus traffic in those years of $97,000.

Mr. MacNICOL: I did not understand fully what the hon. member for Chapleau said, but I did hear him say "Tory Toronto"; I presume—although I do not like to think so—that he was speaking more or less unfavourably of my remarks. I must tell the hon. member that there is no one in the house, including my hon. friend himself, who is more anxious to see the province of Quebec developed, than I am. I am sure I have shown that on numerous occasions in all the years I have been here. I want to see Chapleau developed too. So when I rose to express a few words on the bill I was not speaking in opposition to Chapleau riding or to the hon. member himself. I have gone into the matter fully. Perhaps the minister would tell me why the proposal was not for the line to run from Senneterre. I should think that would have shown good judgment. It may be that line running from Barraute along the Taschereau river would be on better land. If that is so, then it is all to the good. But Senneterre is a railway centre. The line through Noranda and Rouyn has many times paid what it cost to put it in there, and I am hopeful that the line now proposed will result in the same thing. It should open up a mineral as well as a pulpwood country.

Mr. BRADETTE: And agricultural.

Mr. MacNICOL: That is all to the good. So the hon. member for Chapleau must not fly off the bat and attack what he calls Tory Toronto, as he chooses to describe the city I come from. After all, we are just as much interested in the development of Canada as are the citizens of any other part of Canada. I have always tried to help the whole country, and I suggest the hon. member would have been wiser to leave me alone, and leave "Tory Toronto" alone—there is no argument in that kind of talk—and argue with the minister to have a mill built at Kiask falls. The drop in the two Kiask rapids is about 100 feet. Then up the Bell river above the falls is Parent lake, which would make an excellent reservoir. If I had been the hon. member I would not have used the argument he used, at all, but would have tried to convince the minister not to take the pulpwood down to Windsor Mills. It would take perhaps a year or two to build a line in the forty miles. I would have argued for the building of a pulp mill at Kiask falls and have the pulpwood taken there. That would give work to the men in Chapleau riding, just as work has been given to the men up in Rouyn on the line to that area.

There is no point in making an attack such as the hon. member has made. I am for the bill; I have not said one word against it. I have the right to ask questions, and I shall never give up my right to do that, to anyone. Later I hope the hon. member will not make speeches along that line, but will urge the building of a mill at Kiask falls and the processing of pulpwood there.

Mr. CHEVRIER: May I tell the hon. member this, that in the $6 per cord which was mentioned a minute ago, while it is true that it is revenue which will take the pulpwood from Laas township down to Windsor Mills, there is a corresponding charge for out-of-pocket expenses on the whole line. Perhaps I might answer more specifically from this table which has been brought to my attention. I stated at the outset that the total gross revenue which would be derived for the period of the guarantee, six years, would be $3,007,000, that the total out-of-pocket expenses would be $2,316,000. That is made up of $523,000 over the branch line, $1,466,000 over the balance of the system, and $327,000 for rental of equipment, which leaves a profit before interest of $691,000, and after interest, on construction, of $97,000. Does that clear it up?

Mr. MACDONNELL (Muskoka-Ontario): That is what I want. I was going to ask the minister that particular question, whether it was over the whole line. I thank the minister for that, and only wish to add that I have always been in favour of the principle. All I wanted was a reason for being able to vote for it, and now the responsible officials of the railway have put it in such a way that I am ready to vote for it.

Mr. McKAY: Is this railway a forerunner of a railway construction policy to be inaugurated in the future by the government? There are many districts in the west of Canada which need railways. I should like to support the principle of the bill. This country has always opened up as the railways have been built; we have to have railways if we are to have settlement. We need increasing population.

Mr. CHEVRIER: All I can tell my hon. friend is this, that the policy of the Canadian National Railways is well known. I have expounded it on several occasions. After careful consideration they came to the conclusion that this was a profitable line to build. Other lines may be brought forward in accordance with the policy of the railways from time to time. That is the only answer I can make.

Mr. McKAY: Some reference was made this morning to railway deficits, and in that connection to western Canada. I have travelled across Canada, as many other hon. members have done, and I have found that in northern Quebec and Ontario there are many miles of transcontinental railway which pass through low revenue producing areas.

Mr. BRADETTE: No; there are very few miles of that kind of railway in northern Ontario or Quebec. I live there, and I know it.

[Mr. MacNicol.]

Mr. McKAY: There is very little settlement, and those areas need to be developed. I am not saying anything against them.

Mr. BRADETTE: I am not going to take that lying down.

Mr. McKAY: We have no areas of that kind in western Canada.

Mr. CHEVRIER: I would have to support the hon. member for Cochrane in this respect, because my officials inform me that the national transcontinental in the area in which this branch line is to be built, as well as on the Ontario side, is a paying line.

Mr. BRADETTE: Certainly it is producing revenue and operating surpluses. Let me say this about the traffic that originates in northern Ontario and Quebec, through which that section of the national transcontinental is operating, that it was never intended to be as it is. It was intended to be a transcontinental railway, but it has been prostituted into not being one. I shall have more to say on that, perhaps at another session.

Mr. JACKMAN: Why was this bill not referred to the standing committee on wholly-owned government railways and steamships? I am suggesting that if it had been it would have obviated some of the difficulties we have run into to-day; and while the constitution of the two railway committees of the house is such that this bill might be directed to the committee on railways, canals and telegraph lines, inasmuch as it has to do with government railways it would be better in future if the reference were made to the railways and shipping committee which considers operation of government-owned lines. That committee meets for a week or ten days during the year and we become conversant with railway problems.

The CHAIRMAN: I would remind the hon. member that there was a motion to refer this bill to the railway committee, and I submit that his remarks would have been in order then. It was agreed that the bill should be referred to the railway committee.

Mr. HAZEN: I think the Minister of Transport should answer the question.

Mr. CHEVRIER: The reason is quite clear. It has been the practice of this house to refer proposed branch line bills to the committee on railways, canals and telegraph lines, because they are not yet constructed, and until they are and become part of the Canadian National system they cannot be considered by the committee on railways and shipping. Once a line has been constructed it becomes referable

to the railways and shipping committee because it is the business of that committee to consider government-owned operations.

Mr. HAZEN: Is the Canadian National going to build this line?

Mr. CHEVRIER: A portion will be built by Canadian National Railways and a portion by contract.

Mr. ZAPLITNY: The minister told us that it is the plan of the Canada Paper Company to cut two per cent of the standing pulpwood each year. Is there some contract between the company and the Quebec government or between the company and the C.N.R. to that effect, or is the whole matter being left completely in the hands of the Canada Paper Company?

Mr. CHEVRIER: There is no contract, but I am informed that the province of Quebec has given the Canada Paper Company timber limits of about 700 square miles.

Mr. HACKETT: Is it a timber limit or a timber licence which is renewed from year to year?

Mr. CHEVRIER: I can only refer my hon. friend to the act passed by the province of Quebec; he will be more familiar with that than I am. It is chapter 29 of the statutes of 1945, assented to on June 1, 1945. My hon. friend will find by referring to that act the nature of the licence or limit which was obtained. There is no contract; I simply referred to the policy of the Canada Paper Company and I was quoting a statement made by Mr. Fairweather when he gave his evidence before the committee.

Section agreed to.

Sections 2 to 10 inclusive agreed to.

Schedule agreed to.

Bill reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF VETERANS AFFAIRS

Soldier Settlement and Veterans' Land Act—

464. Administration of soldier settlement, British family settlement, general land settlement and Veterans' Land Act, including engineering and other investigational planning and subdivision expenses that do not add tangible value to real property, $5,443,400.

Mr. BROOKS: Before this item passes there is a question I should like to ask the minister having to do with the Soldier Settlement Act and the Veterans' Land Act. As we know, the soldier settlement board has to do mostly with soldiers of the first war, while the Veterans' Land Act has to do with soldiers of the second war who are taking up land or small holdings. There are two organizations, the soldier settlement board and the Veterans' Land Act. I notice that there is one director for the Soldier Settlement Act and the Veterans' Land Act, which is a good thing, but could not this idea be carried through the whole administration of the two acts? The work being done across the country is practically the same, because they are dealing with soldiers and land in the same areas. Why should there be two staffs across Canada to do practically the same work? That does not seem to me to be very economical. I notice on page 256 that there are seven district superintendents under the Veterans' Land Act. I notice also there is a reduction from five to one in the district superintendents, soldier settlement, while there is an added superintendent, agricultural branch. On the same page it states that there are 39 field supervisors, soldier settlement, grade 2, and 54 field supervisors, soldier settlement, grade 1. It would appear that there must be considerable duplication, and it would be in the interests of economy to have the same administration handle both the settlement board and the Veterans' Land Act.

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): I agree with every word my hon. friend has said. There is a complete merger of the administration of the two acts at the present time. I think my parliamentary assistant will want to supplement what I have said.

Mr. TUCKER: What I have to say will also answer the question asked last night in regard to the actual cost of administration of the Soldier Settlement Act. Obviously employees of the soldier settlement board are also doing work which comes under the Veterans' Land Act. The administration of the two acts is fully merged. Some work is being done which might be regarded as strictly attributable to soldier settlement board activities. It is hard to separate them in the estimates when they are working in connection with both acts. When there is one director over these two land settlement acts it is obvious that there cannot be a clear-cut line of demarcation in the office and field services charged to each act. In 1945, when the Veterans' Land Act work made up by far the greater portion of the activities, the department made as close an estimate as possible

of costs chargeable to each act for the fiscal year 1945-46. With the greatly improved standing of soldier settlement accounts brought about by the debt adjustment under P.C. 10472, begun in 1943 and still going on, the cost of soldier settlement administration was estimated at $120,000. This estimate for 1945-46 is now confirmed and will stand for the present fiscal year 1946-47. The estimate should be considered on the basis that there is the complete merger suggested by the hon. member for Royal.

In regard to P.C. 10472 our committee recommended that the provisions for applications under that order in council should be extended to September 1, 1946. It was thought by the government that that hardly gave veterans who might wish to apply time enough, so the order in council which was passed on August 8, 1946 extended the time for application under P.C. 10472 to December 31 of this year.

Mr. BROOKS: The idea is that eventually both acts will be administered under the one head.

Mr. MACKENZIE: They are now, as a matter of fact.

Mr. BROOKS: Are the thirty-nine field supervisors, soldier settlement grade 2, doing Veterans' Land Act supervision as well?

Mr. MACKENZIE: Yes.

Mr. BROOKS: And the fifty-four, grade 1?

Mr. MACKENZIE: Yes.

Mr. HATFIELD: Is the veteran to be allowed to farm the way he thinks best, or will he be told how to farm by some supervisor who does not know anything about it?

Mr. MACKENZIE: There are regional advisory committees all across Canada, and he is given the best advice possible consistent with the prospects of his future success in settlement.

Mr. HATFIELD: Then he is going to be advised every time what to plant, or how to farm.

Mr. MACKENZIE: No.

Mr. HATFIELD: Or when to sell?

Mr. MACKENZIE: No, he is only advised with regard to the reasonable prospects in settlement.

Mr. HATFIELD: He has been in the past. He has been told what to plant, and how to farm, and all about it, by some supervisor who in many cases did not know anything about farming.

[Mr. Tucker.]

Mr. MACKENZIE: No; if he has the personality and the prospects for success he is allowed to develop his own initiative in regard to what he going to do.

Mr. WRIGHT: During the past few years, as I think the superintendent or director will admit, the habit has grown up of many of the departments of government using the field force of the soldier settlement board for various other purposes,—under the dominion farm loan act and many other government activities. They have been doing a good deal of work for the government other than that which is directly connected with their jobs. That was all right during the period when they were not being overworked, but at the present time that staff should be and I believe is fully occupied in dealing with the new settlers. This work they are doing for the other departments should, I think, be taken off their shoulders. I suggest to the minister that something be done about it.

Mr. MACKENZIE: I agree with my hon. friend's observations. But the general policy is that the investigations which they make for other departments are not supposed to interfere with their essential obligations in regard to soldier settlement.

Mr. WRIGHT: Nevertheless they have only so many hours in the day in which to work, and if they have to make investigations and reports for some other departments it means that part of their time is occupied with those matters.

Mr. MACKENZIE: Yes, but we have field staffs which do nothing else but these investigations.

Mr. CASTLEDEN: The minister will admit that very often these men were employed in other work, and therefore it was almost impossible to get at the actual cost of operating the soldier settlement board. I asked a number of questions with regard to that last night at eleven o'clock, and the minister said he would give the answers.

Mr. MACKENZIE: The cost of what?

Mr. CASTLEDEN: The cost of collections, the administration under the soldier settlement board.

Mr. TUCKER: I have already given the costs. It was very hard to be exact, because, as the hon. member says, the acts are administered together. One of the main reasons for some extra cost of administration is the administration of order in council P.C. 10472, which, as I stated already, has been extended to the end of this year. The costs are estimated at $120,000. The hon. member

wanted to know, I believe, the number of cancellations during the last two years. The answer is that there have been five cancellations in that period, and just one of these was an eviction. In many cases the settler moves away and it is necessary to cancel, because a quick claim cannot be obtained from him, or there is some other difficulty, but during the past two years there have been five cancellations or terminations or rescissions, and one of them an eviction.

Mr. CASTLEDEN: Has the minister figures showing the relation between the cost of administration or collection by the soldier settlement board and the amount collected?

Mr. TUCKER: That was given before the committee. There are extensive tables, for which I would refer the hon. member to pages 336 to 341 inclusive, of the proceedings of the committee on veterans affairs, showing the collections through the whole period. There is there shown collections for the period from April 1, 1945 to March 31, 1946, from April 1, 1944 to March 31, 1945, and so on right up to date. The exact figures are given—the payments, which are made, the prepayments which are made, and by districts; it is a complete and exhaustive statement, and I believe the hon. gentleman will find there everything he wants. I can give the committee, though, the highlights of it. The actual statement of course indicates that the position of the soldier settler contracts has been improved amazingly, particularly during the last four years.

Mr. CASTLEDEN: War prices.

Mr. TUCKER: Well, we hope that good prices will continue. It is also the hope of my hon. friend, and I think, a hope which will be realized.

Mr. CASTLEDEN: We only hope that it will not be as a result of war.

Mr. TUCKER: I think we should pay a tribute to the wonderful work of the soldier settlers when they really get a chance of paying up their accounts, and I am very happy to pay that tribute to them. These are the highlights: 2,621 settlers, or one-third of the total active settlers as of March 31, 1942, have repaid their loans in full in cash and received title to their farms. In the four year period soldier settlers paid in cash on their contracts $5,476,489. Of this amount, $3,292,000 was in the form of payments on current instalments, and $2,183,000, prepayments in advance of maturity dates—an amazing record of desire to pay up. A review of the statistics shows that 85 per cent of the present total of 4,276 soldier settlers should have little difficulty in paying out their loans under the present contracts.

That brings into question P.C. 10472, the right to apply under which has been extended to the end of this year in accordance with the recommendations of our committee. The average age of the soldier settlers is just under fifty-seven years, and the average debt is $1,160.

Mr. McKAY: Would the hon. member give the most recent figure of the number of soldier settlers still on the land who have not yet obtained clear title?

Mr. MACKENZIE: 4,276.

Mr. McKAY: How many of those titles were acquired during the past year?

Mr. MACKENZIE: For the calendar year to date, 620.

Mr. CASTLEDEN: The answer which I did not get from the minister, although I assume it is in the figures, is the relation between the amount collected from the soldier settlers, particularly in the period say from 1926, and the actual cost of collecting it. I just want it roughly.

Mr. TUCKER: I will give the figure for the period April 1, 1945 to March 31, 1946. That is the first table here.

Mr. CASTLEDEN: That is not what I wanted. I wanted the picture from 1926.

Mr. TUCKER: Well, the whole thing is here.

Mr. MACKENZIE: The hon. member wants a composite percentage relationship?

Mr. CASTLEDEN: That is right. I want the amount collected and the cost of collecting it.

Mr. MACKENZIE: We will get that.

Mr. CASTLEDEN: It is important. For instance, I notice that a group of 750 soldier settlers in Saskatchewan who owed originally $2,800,000 and had paid off a little more than half of that, $1,500,000, find that they still owe the government $3,800,000. Although they paid off more than half of what they originally owed, they now owe more than when they started.

Mr. MACKENZIE: In reply to my hon. friend's question of a few minutes ago, the estimate of the officials is that the cost of administration is less than one per cent of the expenditure.

Mr. TUCKER: The hon. member will get that from the figures I gave. The collections in the last four years were $5,476,000. If you take the average cost of administration at $120,000 per year, you get just about one per cent.

Mr. CASTLEDEN: That does not give the picture for all those years back in the 1930's when wheat was down and inspectors were going all over the country trying to collect and the settlers could not pay anything. This last four years was a very favourable period. I agree with the minister, and I was glad to hear him say it, that these settlers desire more than anything else to pay off their debts. For twenty years and more they have been struggling to do that, and I wish I could get the officials to realize the plight these people are in and to recognize their good intentions. I have a number of cases in my own constituency, with which naturally I am familiar. I received a letter from the wife of one of these soldier settlers not long ago. She wanted to know what could be done to get title to their land. The man and his wife are on a quarter-section of land, and the soldier settlement board refused to grant them title, although they had asked for reductions and had bought and later sold another quarter-section of land and paid the proceeds into the board. The actual figures as given to me were that they had already paid off $3,000 on their land, had bought another quarter-section which they sold at $1,600 and paid that in, but they still could not get title to their own land. The doctor has ordered this soldier, who is getting up in the sixties, to go to a warmer climate. He cannot stand the hard work any longer, and they want to sell their land but cannot get title to it. Is there any machinery in the department whereby this man can dispose of his equity in that land so that he can get out from under and retire, and so that there may be some security for his wife?

Mr. MACKENZIE: The settlers are selling their equity in the land every day.

Mr. CASTLEDEN: I will take this particular case to the minister.

Mr. MACKENZIE: I shall be very glad to look into it.

Mr. CASTLEDEN: I hope something will be done about it, because it is a deserving case.

Mr. FAIR: The picture is clearing up in connection with the old soldier settlers, and if they live long enough they will perhaps get title to their land. The soldier settlers have taken the stand right along, as many of us have done who have been trying to help them, that unjust burdens were piled upon them to begin with, and while concessions have been made from time to time by different governments in office, the concessions have never caught up with the difficulties in which these old settlers were placed. The government has dealt leniently with veterans of the last great war, but the veterans of the first great war who still have contracts with the board as of March 31, 1944, have been sadly neglected.

Mr. MACKENZIE: Mr. Chairman, I rise to a point of order. My friend and I know this subject very well. He has been very consistent and devoted in his advocacy, but parliament disposed of this question earlier this session.

Mr. FAIR: On a point of order, Mr. Chairman, we are considering item 464, which reads:

> Administration of soldier settlement, British family settlement, general land settlement and Veterans Land Act, including engineering and other investigational planning and subdivision expenses that do not add tangible value to real property, $5,443,400.

I should like to know why I am to be debarred from discussing what other hon. members right alongside of me have been discussing for the last fifteen minutes.

Mr. MACKENZIE: For the reason that my hon. friend made this question the subject matter of a specific resolution which was debated and disposed of by the house previously this session.

The CHAIRMAN: I believe the point of order raised by the minister is well taken. As he says, this matter was discussed under a bill that was brought down in the house, and the decision made then could be changed only by a resolution of the house. The item under consideration is the administration of soldier settlement, and discussion respecting administration would be in order.

Mr. FAIR: I do not see why I should be singled out from everybody. I understand that we have all the same rights here.

The CHAIRMAN: That is right.

Mr. MACKENZIE: The only question my hon. friend is debarred from discussing is the granting of clear title to soldier settlers, which was a specific matter discussed and disposed of by the house previously this session. My hon. friend is not debarred from discussing any other question at all relating to administration.

Mr. FAIR: I hope to be back next session, when I will deal with the question again in detail, as I have done before. I still protest against the treatment of these old veterans.

I notice that the cost of administration is now estimated at $120,000 a year, in comparison with the cost of $1,100,000 during the first twenty-five years of administration of the act. That huge expenditure looks to me like a lot of money wasted, or inefficiency or whatever you wish to call it. I believe it is partly due to a lack of ministerial supervision of the board during the time Hon. T. A. Crerar was minister. I am glad to see that the present minister is doing a little better so far as administration is concerned.

Mr. MACKENZIE: Much better.

Mr. FAIR: I am still looking for something worth while to be done for these old veterans, and I hope it will be done. I would ask why the cost of administration in the first twenty-five years was so heavy as compared with now.

A Canadian Press dispatch in the Ottawa *Journal* of Wednesday, August 14, states that the Prime Minister of Canada has intimated that Canada is not going to collect some $10,000,000 of debt which Italy owes us, and yet we are continuing to collect from these old soldier settlers of the first great war. It is just too bad. I know from conversations I have had with the minister that he wants to give these old veterans clear title. I want to know where the unseen power rests which will not allow the veterans to be given clear title. I am very sorry that this parliament is tied down as it is. Next session I am going to be back and if we do not get clear title for the old veterans I will see to it, as far as it is in my power to do so, that the veterans of this war get the treatment to which they are entitled and shall not be abused as the old veterans were.

Mr. MACKENZIE: I certainly admire my hon. friend's consistent attitude on this question.

Mr. PEARKES: In the last few days I have had a number of inquiries and expressions of dissatisfaction regarding the Braefoot project in Saanich. I understand the Canadian Legion and the chairman of the rehabilitation council of Victoria have requested an investigation into the administration of that project. I wonder if the minister could say whether an inquiry is being made and an investigation carried out, and if so, whether he has received any report on it.

Mr. TUCKER: The minister will answer that question in a moment. In the meantime, with reference to the remarks of the hon. member for Battle River, he can take what steps he likes as a member of parliament, but I may tell him that the time for applying for a real cut-down in these old debts of the soldier settlers of world war I has been extended to the end of this year. It may be a further extension will be made; on the other hand it may not be made. No one can be sure of that. It will be a matter of government policy. I would ask my hon. friend however to bear in mind that, if he indicates that clear titles will be given in spite of the decision of parliament again this year against his proposal, and as by that he may cause some of these soldier settlers to defer applying under order in council 10472, he should realize exactly what he may be doing. I do not want to start a controversy, but I am pointing out to him that under the order in council of July 31, 1946, a total of 1,765 settlers have had their debts reduced by $1,112,000, or an average of $630 per settler. Eighty per cent of the reductions have been made in Saskatchewan and Alberta, where two-thirds of the total settlement is located and where the adversities of the thirties had the greatest impact. The hon. gentleman was not a member of our committee. Had he been he would have heard the evidence of the director that in some cases such sweeping settlements were made under this order in council that sometimes as much as fifty per cent equity was granted to a settler; and in his campaign, which of course he has every right to carry on if he wishes to do so, I would ask him to bear in mind that the right to apply under P.C. 10472 has been extended only to the end of the year. It will do no harm for him to remember that, when he advises the various soldier settlers.

Mr. FAIR: I thank the parliamentary assistant for the information given, which I already had, and I may say that I advised those persons who have written to me in connection with debts that the offer is still open until September 30.

Mr. TUCKER: December 31, 1946.

Mr. FAIR: This is a new intimation I have received to-day. That however does not remove the injustice. There was a good deal of information given in that return, which was supposed to have cost $2,000—which I do not believe for a moment—showing that great reductions had been made. To my personal knowledge as much as four times the cost of the land at the time the sales were made in my own district has been charged these men,

and it will take a good deal of the fifty per cent reduction to equalize the injustice imposed on the old veterans.

Mr. MACKENZIE: In reply to the member for Nanaimo, I may say that prices are all being revised in connection with these properties. All the lands have been disposed of. There are a few who are dissatisfied with the settlement and the matter is still under consideration.

Mr. QUELCH: To what time has the date for applications been extended?

Mr. TUCKER: Under P.C. 10472? To December 31 of this year. It is further than the committee asked for.

Mr. QUELCH: It will be remembered that in 1942, when the act was first introduced, the former board under the old soldier settlement act were bitterly criticized on the ground that they had settled men who should not have been settled, and also settled men on land that was not really suitable. There was harsh criticism on that ground, and now as a consequence we find that the officials of the Veterans Land Act are overcautious in deciding what men should be allowed to go on the land.

Mr. MACKENZIE: As recommended by the committee of 1942.

Mr. QUELCH: I realize it is the result of the criticism we made. They are being a little too cautious. I suggest that there should be a margin beyond which they should not go. So long as a man can qualify from the point of view of experience; so long as he can qualify by reason of character, so long as he has the necessary money to put up the ten per cent, I do not think any veteran should be debarred from coming under the Veterans Land Act on the ground that his financial resources are not sufficient to enable him to succeed. If he has the experience, the ability, the character, the money to put down ten per cent, and can get suitable land, he should not be debarred merely on the ground that his chances of success are small. But men have been debarred for that reason.

Mr. MACKENZIE: I agree with my hon. friend.

Mr. FULTON: I had to be in another committee last night and it may be that some information was given with regard to the disposition of the million dollars voted to equalize the costs of small holdings across the country. Was that information given? The point is this. In the committee we tried to find out how that money would be spent and how the costs would be equalized, and we were told that final costs had not been submitted by the directors of the small holdings schemes, which were being built on the cost plus basis, and therefore the final figures as to the cost of houses could not be given. Have the final figures been submitted, and may we have an idea of the average cost of the most expensive house in the country under the small holdings scheme?

Mr. MACKENZIE: Up to the present time just about half of that million dollars has been allotted. I am not in a position at the moment to give the final disposition of the areas and the allotments in respect of the remainder.

Mr. FULTON: Can the minister or his assistant give information as to what will be the average highest cost—$7,500 or $8,000—when the adjustment has been made?

Mr. TUCKER: The hon. member will find that in the table I put on *Hansard* last night.

Mr. FULTON: Can the hon. member give it to me now?

Mr. TUCKER: The average cost, in the statement put on *Hansard* yesterday, in regard to the 2,706 units, is, on the basis of the best figures we have so far, $5,969 for the house only. With various services, which include land, water, sewer service, temporary heating, transportation, travel time, drainage, driveways, roads, landscaping, and all other costs to the director, the total average unit cost was $7,058.51. The average cost of those under $6,000, house only, was $5,574.34. The average cost of those over $6,000, house only, was $6,394.17. The average excess per house over $6,000 was $213.36.

Mr. FULTON: I think I am correct in saying that in no case is the down payment being increased, but the extra cost will be amortized over the twenty-five years.

Mr. MACKENZIE: That is correct, at three and a half per cent.

Mr. FULTON: These figures were given last night?

Mr. MACKENZIE: Yes; and the rental cost to the householders over twenty-five years was given by my assistant in the house last night.

Mr. FULTON: Yes. The final point I wish to make is this. It has been stated that before they are allowed in the house some veterans are required to give an undertaking that they will pay whatever the excess over $6,000 may be. Apparently it has not been

made clear to them that this excess will be amortized over the years, and that therefore they are not going to have to pay $1,300, or whatever the extra amount is. I know that situation exists because I have had personal information from the place where one of these holdings is situated. I wish the government could make it clear to all veterans that there will be a small extra payment monthly, and I wish the minister would put into effect our recommendation as to the subsidy.

Mr. MACKENZIE: My hon. friend is quite correct.

Mr. FULTON: Will the minister make that clear?

Mr. TUCKER: As a matter of fact the hon. member is quite right as to the extra payments in these cases being spread over twenty-five years. Formerly anything over the $6,000 had to be paid in addition to the cash payment. That was changed by the amendment which we passed and the order in council which was also passed some time ago whereby $600 had to be paid down and the remainder amortized. Of course it may be that somebody has not received that information, or has not been fully apprised of it; but there is no doubt that it will be made clear that the payments will be $600 down in regard to the small holdings which have already been built and the whole amount over the $600 will be spread out over the twenty-five years, less the conditional grant.

Mr. WRIGHT: I wish to concur in what the hon. member for Acadia has said with regard to numbers of veterans failing to qualify for financial reasons. I believe, as he does, that where a veteran has a good character, has farming experience and the ten per cent, there should be no question of his being qualified under the act.

I also wish to raise a point in respect to the values of land being purchased under the Veterans Land Act. In the district I represent the practice being followed is to take the 1941 price of land in that area as the basis on which the board would purchase land. If the vendors ask a price greater than that, the board insists that the applicant or the soldier shall himself put up the difference between the price that is asked and the price that the board will pay. That is working a hardship on a great many veterans, and it does not give a fair picture of the cost of land to the veterans in that area, because in many cases the veterans are paying the difference between the price asked and the price which the board are prepared to pay under the plan. I am not contending that the board should go out and pay any price at all for land, but I think anybody who has followed the agricultural trend during the last three or four years will agree that based on our present agricultural prices there is an added value to land over the 1941 prices. The board would be justified in raising the sights a little on the price which they are prepared to pay for good land in good crop areas. If they did that I believe they could settle a greater number of veterans than are being settled at the present time.

A point was raised by the hon. member for Victoria-Carleton with regard to the advice given to settlers going on the land. There should be a closer liaison between the department's supervisors and the agricultural representatives in the various provinces. They are the people who should be giving advice to the settlers settling under the Veterans Land Act, rather than the supervisors. I suggest that the closest liaison be maintained between the agricultural representatives of the various provinces and the supervisors. Let these people give the advice to the settler with regard to agricultural practices. They know the practices better than the supervisor; they are in a better position to advise, and I believe that their advice will be taken with better grace than it will be from the supervisors.

Mr. MACKENZIE: May I tell my hon. friend that there is the closest cooperation and constant consultation with the provincial government agricultural representatives at the present time, and between our supervisors and our regional advisory committee.

Mr. STEPHENSON: I have spoken on this question at different times, having had some experience with the building of houses on small holdings. Does the minister believe that this type of housing is meeting the requirements of the veterans? I ask this question because I was on a committee which looked in to the housing act. We made a survey in my district. We asked those who would like to build under the National Housing Act, the small holdings and the wartime housing. We found that practically all of the men favoured wartime housing because they could rent the houses at approximately $30 a month, which would give them a reasonable time to find their feet and know what they intended to do over a period of a few years. Under the small holdings arrangements, or the National Housing Act, it took practically all of their gratuity to make the down payment, which left them with very little money to set up housekeeping, buy furniture and all the things that are necessary to that end. The small holdings built in my district are not yet

completed, and it seems as if no applications have been made to occupy these houses. It would appear that it is not the type of house which meets the requirements or the need of the veteran. Under this housing scheme would it be possible to bring in a system similar to wartime housing by which a veteran could rent the house for a few years until he knows where he is and what he wants to do and whether he will have sufficient money at that time to build a house when materials will be available and he will be better established? Does the minister think that plan would work?

Mr. MACKENZIE: All the housing work of Canada is now being co-ordinated under the general direction of the Minister of Reconstruction, with consultations with our department and the Department of Finance. My own personal opinion—and I am not an expert on housing; I have been through many of our houses—with all respect to my colleague who is not here, is that wartime housing houses do not compare with ours. I wish my hon. friend could visit British Columbia and see the first ten that were built in Canada on Lulu island. In artistic design, symmetry of construction, and convenience for living they are absolutely the best I have seen. To my mind the other ones are rather rigid. They are all of a pattern such as you would see in England and Scotland under the county council scheme. They look like a series of trench houses; they are all the same. That is the thing to avoid. In housing every design should be different, in order to give the houses that symmetry in construction which is more acceptable to the occupant. If you go out to Lulu island you will see that.

Mr. TUCKER: May I say a word in reply to the hon. member for Melfort? The difficulty arising from the increase in land values is constantly being considered by the administration and advisory committees. I am in entire agreement with everything he said in that regard and I believe the administration is trying to deal with the situation as well as it can, without contributing too much to an undue inflation in land values.

At one oclock the committee took recess.

The committee resumed at three o'clock.

Mr. FULTON: Mr. Chairman, I should like to refer again to the small holdings scheme under the Veterans Land Act, and particularly to the thirty or forty housing projects which the government has undertaken. In the figures which he gave last night, and again to-day, the parliamentary assistant has shown that for the most expensive group of houses, those costing over $6,000, the average cost would be $7,058. That would be after the $1,000,000 has been applied to adjusting costs across the country.

Mr. TUCKER: That is before the $1,000,000 has been applied.

Mr. FULTON: I understood from the parliamentary assistant that it was after.

Mr. TUCKER: That is the cost.

Mr. FULTON: Considerable confusion exists in this matter. I have received information by telephone, which was checked previously with officials of the department, to the effect that some of these houses are going to cost the veteran as much as $7,300.

Mr. MACKENZIE: No.

Mr. FULTON: I think the minister and his senior officials should check with the officials in the various regions. In this instance I am referring to the Sherbrooke district. The information I have received is that a five-room house which was originally supposed to cost $4,800 will now cost $7,300, and that the price of a six-room house has increased $1,800 over the original $6,000. In fairness I should add that my informant told me that the officials of the Veterans' Land Act could not or would not give him firm final figures. This was the best information that was available to the veterans.

Mr. MACKENZIE: May I interrupt the hon. gentleman?—and I do this in an effort to be helpful. The actual cost to a veteran would be the gross cost less the contingent additional grant of $1,400, less again the amount of the write-off which may be arranged under the $1,000,000.

Mr. FULTON: I am glad the minister pointed that out. I inadvertently said that the total cost to the veteran would be $7,300, but I should have said the total cost of the house will be $7,300. That is an increase of $1,300 over what was previously thought to be the maximum of $6,000.

Figures given last night as to the adjusted cost in monthly payments showed that the maximum monthly payment would be something like $27 a month for twenty-five years, at which time the total cost would be amortized. The significant fact is that the house which the veteran expected to obtain for a maximum cost of $6,000, less the additional write-off of $1,400, now will cost $1,300 or $1,400 more. Instead of the veteran being left with a liability of $4,800, he will be left with a liability of $6,000. In effect he

will have a mortgage of $6,000. It is stated that this is to be amortized over twenty-five years and the cost will not be more than $27 a month, but the point is that these veterans assumed that they were going to be able to obtain houses with an outstanding liability of not more than $4,800. In the case of the smaller house, they assumed that the liability would not be more than $3,500 or $4,000; they are now faced with liabilities of from $4,500 to $6,000. These liabilities, it is true, may be amortized, but the fact remains that these veterans will have large mortgages hanging over their heads.

The arrangements outlined by the parliamentary assistant for amortization are perhaps the best that can be made if the government will not adopt the suggestion to advance the subsidy and underwrite the proportion of the cost over $6,000. What should be done is to apply the same subsidy to the proportion of the cost in excess of $6,000 as is now applied to the proportion of the cost under $6,000.

I bring up this matter again because veterans throughout the country are worried at the extent of the liabilities they are called upon to assume. It is not good enough to say that they are getting a better deal under this scheme than they are under any other. The fact is that they have made their arrangements; they are not able to make any other arrangements. They have gone ahead on the assumption that they would take the house and they expected to move into it; in some cases they have actually given up other tenancies. Instead of being faced with a reasonable obligation which they could hope to pay off, they are going to have to assume an obligation of some $4,500 for the lowest priced houses and $6,000 for the higher priced houses.

I appreciate the fact that the minister and his department have made an effort to adjust this by limiting the down payment to $600 and leaving the excess to be amortized over twenty-five years. I give them credit for going that far, but it is not far enough. The department has led the veteran to assume that he would be able to get a house which would cost a maximum of $6,000, and now it is found that it will cost almost a minimum of $6,000. I submit that the government has an obligation to these veterans, because they have been given that impression as a result of the government's representation.

I can say no more other than to press on the minister the desirability of adopting the recommendation of the committee that the cost over $6,000 be subsidized to the same degree as the cost under $6,000.

Mr. MACKENZIE: I appreciate the remarks of my hon. friend, but may I tell him something which he probably knows. The provisions of the Veterans' Land Act are the most generous of any housing scheme in Canada. The hon. member has no doubt compared them with the provisions made under the National Housing Act. May I say that 20,000 veterans have privately purchased houses at a cost of some $10,000,000 without any of the additional grants that are made available under the Veterans' Land Act. Then 4,500 have taken or are taking advantage of the conditional allowance and grants made available under the housing provision of the Veterans' Land Act. Our trouble is that other housing developments are jealous of the housing provisions made under the Veterans' Land Act, and if we criticize these provisions unduly in contrast with other housing projects I feel there may be an abandonment of the generous, extensive and comprehensive housing provisions of that act.

Mr. FULTON: There must be some error in the figures the minister gave. I understood him to say that 20,000 veterans have bought houses outside the Veterans Land Act at a cost of $10,000,000.

Mr. MACKENZIE: By private purchase.

Mr. FULTON: That represents a cost of $500 each. There must be some error there.

Mr. MACKENZIE: No, that is right.

Mr. FULTON: That is not a very strong argument in support of the contention that the Veterans Land Act scheme is the most generous if the average cost outside the act is only $500. I would like to give the minister an opportunity to correct the figure.

Mr. MACKENZIE: The $10,000,000 is what they have privately expended out of the reestablishment credit, and the average amount of reestablishment credit is $400. That has been done without any other government assistance.

Mr. FULTON: Then it has cost them so far $100 more than their reestablishment credit. I do not think there is much point in pursuing these figures, because they were given on the spur of the moment; but if that is the average cost to the veteran it is a good deal less than under the Veterans Land Act. My criticism applies only to projects built on a cost-plus basis.

Mr. MACKENZIE: The figure I gave was the initial deposit. The rest is provided from their own private resources.

Mr. FULTON: That is not what I was complaining of. A veteran makes a contract on his own for a house. He is willing to assume payment for a $6,000 house. He knows what he is getting. But here he pays down $600 and expects to get a $6,000 house, but he is now advised that he must assume a $7,000 house or he will lose his $600. That is what I am complaining about, where houses have been built on a cost-plus basis and the costs have increased beyond what the veteran was led to expect. I do not see that the figure given by the minister showing that the veteran has had to pay $100 more than his credit has any bearing on the matter, because under the scheme I refer to the veteran pays down $600, which is $200 more than his reestablishment credit.

Mr. TUCKER: Many veterans go out into the market and buy their own houses with this reestablishment credit of $425 on the average. Building costs have risen, as everybody knows. We are already giving a conditional grant of $1,400 to the veteran on the small holding, but these veterans are in the proportion of one to five of the veterans who are investing money in housing. If we go further and give the veteran who is receiving a conditional grant of $1,400 further assistance, the five out of six who are investing in housing outside of the Veterans Land Act would have just cause for complaint, because they get no help at all except their reestablishment credit. There has to be some equity in all these schemes. I can understand the hon. member's attitude in bringing this matter up, but the case is similar to the farm lands case which was brought up by the hon. member for Melfort, who said that land which you could have bought for $8,000 three years ago costs $12,000 to-day. Is the state to step in and pay the difference? That is a question that has to be considered in reference to what is being done for other veterans. The veterans who are providing houses for themselves are facing the same increased building costs, and if we say to the veterans under the Veterans Land Act: "We are already giving you $1,400 and now we are going to give you even more," the man who is getting only his reestablishment credit would have cause for complaint.

Mr. FULTON: I think it has been conclusively established that in the housing projects built on a cost-plus basis the increase over what you might call the normal costs has been greater than where the veteran has made a private deal for the building of a house. The director under the Veterans Land Act has said that he would not let any more cost-plus contracts, and I am glad of that. That indicates that experience has proved that building costs have increased more in these cost-plus projects than they have elsewhere. All I am asking is that that fact be recognized and that the veteran be put in the position he had assumed he would be in as a result of the government's representations made to him in good faith, and who now is faced with these increased costs in these projects built on the cost-plus basis.

Mr. MACKENZIE: We called for tenders in all these housing projects and we found a definite lack of cooperation from the contractors in tendering, and so we were compelled to go ahead on what we call a fixed-fee basis of $200 per house right across Canada. We tried to get tenders all across Canada in the first instance, but the contractors were chary of venturing into these housing projects for veterans.

Mr. TUCKER: The hon. member for Kamloops has suggested that in some way a veteran who had put up his own money in applying for a house could not withdraw it. But any veteran who figures he is not getting a good deal can get his money back.

Mr. FULTON: I did not say they could not get their money back.

Mr. TUCKER: If the hon. member did not say that, I understood he thought it. There should not be too much concern over what the veteran is being asked to pay for these houses, because owing to the rise in building costs since these houses were started you could not duplicate them to-day for anything like what the veterans are being asked to pay. Therefore any suggestion that in some way these veterans are being mistreated is very improper. Anybody who knows anything about building costs to-day compared with costs when these houses were being built knows that you could not duplicate these houses to-day for the same amount of money. Therefore the veteran who is going into these houses is getting three advantages. He is getting the $1,400 write-off; he is getting the advantage of a house built under lower prices than those which prevail to-day, and he is possibly getting some advantage under the million dollar write-off.

Mr. FULTON: And he has to pay $1,000 more than he expected to pay for his house.

Mr. TUCKER: Everybody else is paying not merely one thousand dollars but probably two or three thousand dollars more than he would have paid a year or two ago. The point to remember is for five veterans out

of six nothing is being done in the matter of housing. They are providing their own housing privately. When the hon. member keeps pressing that a certain small group should get still further consideration, he is pressing for something which may be very desirable from his point of view—I do not know about that—but which is far beyond what is being done for other veterans. I do not think the hon. gentleman should persist in pressing for special consideration for a small group in his particular area.

Mr. FULTON: It happens that I am not pressing for a small group in my area; I am pressing the government to live up to an obligation which veterans have understood them to be assuming. However, there is no point in discussing it further.

Mr. MACKENZIE: I am not attributing any motives to my hon. friend. If he wants equity in regard to the whole scope and sweep, the way to be equitable is to double or treble the reestablishment credit for the boys who got only $400 and nothing else.

Mr. HERRIDGE: A number of people in my constituency are interested in the settlement of veterans on suitable provincial crown lands. Since the signing of the agreement with British Columbia, what progress has been made in the making of arrangements to settle these men at the earliest possible day?

Mr. MACKENZIE: The agreement has been signed, and I must congratulate my hon. friend on his personal cooperation in regard to the signing of the agreement. I understand that the procedure is outlined and things are ready to go ahead.

Mr. McLURE: Under the Veterans Land Act, a case came to my attention of a young man who, when sixteen years of age, joined the navy and spent almost six years in that service. Upon his discharge he came before the supervisor and said he wanted to go farming, but when they found out his age at enlistment they said he was too young, even at twenty-one or twenty-two years of age, to go farming. I think the decision was made under some clause of the act regarding applicants' experience—that he did not have enough experience to engage in farming. He can prove that he had been living on a farm up to the age of sixteen. To whom would he appeal from the supervisor's decision, so that he could get in under the Veterans Land Act reestablishment provisions?

Mr. MACKENZIE: I do not know the particulars of the individual case, but generally speaking, unless a lad has some experience on a farm, by being brought up there—

Mr. SENN: He would have.

Mr. MACKENZIE: —and had done farm work with his parents, he would have difficulty. These cases are reviewed by a regional advisory committee consisting of practical farmers. If my hon. friend will be good enough to send me the details on this particular case I shall see that it is given every possible attention.

Item agreed to.

466. To provide for the payment of grants to veterans settled on provincial lands in accordance with agreements with provincial governments under section 35 of the Veterans Land Act, 1942, as amended, $6,000,000.

Mr. WRIGHT: There is a matter I wish to raise on this vote. In the special committee on veterans affairs, on June 27, the director made certain proposals to the committee with respect to the settlement of veterans under the group provisions or partnerships. The director stated this at page 1003:

Mr. Chairman and gentlemen, at your request I have been giving careful thought to a basis upon which the principle of pooled or joint use can be made of the grants otherwise available to veterans who seek establishment on provincial land.

I am not going to continue to read his statement, except this sentence, before he made his proposal:

It is on these premises that tentative proposals have been roughly drafted as follows.

Then he gave the tentative proposals, which I do not want to take the time of the committee to read, but they were, in short, that $1,200 would be granted as a pooled account for the purchase of farm machinery and $1,120 would be granted for improvements on the particular parcels of land that the veteran had some direct title in or claim to, and that the grants would be made only where the settler had title to or a direct claim on the particular parcel of land. Do these tentative proposals as given to the committee still stand? Will they be carried out?

Mr. TUCKER: As the hon. member knows, everybody has been working at very high pressure. The director is favourable, of course, to these proposals which he laid before our committee receiving the approval of the government, but it has been impossible as yet to have them considered by the government. I can assure the hon. member than when the director laid that proposal before our committee he was very much in earnest, and he certainly had the support of a good part of the committee. I think the hon. member may

rest assured that the matter will be pressed and brought before the government as quickly as possible.

Mr. WRIGHT: There is one other point I want to get cleared up with respect to this. If the proposal has not been placed before the government it may be impossible for the minister to give me the assurance I want. But the question which is bothering the people, at least in Saskatchewan, who would like to use this particular provision is whether the individual veteran who goes into this partnership will, if he withdraws from the partnership, be able to take his land out with him, or whether that land will remain in the control of the group, provided that the provincial government are prepared to guarantee any investment which the director has in the land or in the equipment which is being used to work the land?

Mr. MACKENZIE: That was the stumbling block, I think, in the discussion we had in the committee. But I can assure my hon. friend it will be carefully considered.

Mr. WRIGHT: I would like something more than that, if it is possible to give it, because it hinges on this question whether the particular proposals are to be effective or not. If provision is not made that the land shall remain in the control of the group when the government or the group are prepared to guarantee the dominion government on any investment which they have in it, the effect upon the scheme is obvious. I think the government should give consideration to leaving the land in the group. If the veteran has the right to withdraw his holding from the unit, it immediately makes the investment of the group in machinery, which it bought on the basis of operating the whole group, an uneconomic one, and renders it difficult for the group as a whole to carry on.

Mr. MACKENZIE: I am conscious of the significance of the representations of my hon. friend, and I can assure him that the matter will be most carefully reviewed.

Item agreed to.

467. To provide for the payment of grants to Indian veterans settled on Indian reserve lands under section 35A of the Veterans Land Act, 1942, as amended, $2,000,000.

Mr. MacNICOL: I want to say a word by way of commendation. The vote reads:

To provide for the payment of grants to Indian veterans settled on Indian reserve lands . . .

I have in mind a small Indian reserve and band. The example they gave during the recent war, and perhaps during the previous great war, is a remarkable example of patriotism and allegiance to British ideals. I am referring to the Moravian band of the Delaware tribe in Kent county, of which band Walker Stonefish is the chief. The area occupied by the band consists, I believe, of about three thousand acres, and I doubt if there are over 200 or 250 people on the reserve. But of that 250—if there are that many—fifty-six enlisted in the forces during the recent war—fifty in the Canadian services and six in the United States services. To give you a better idea of how they enlisted, of the fifty-six there were three from the Lascelles family, four from the Huff family, five from the Jacobs family, five from the Tobias family, and nine from the Stonefish family. I do not mean that there were that many from any one family, but from those families named. When the grants are made to Indians do they go through the Indian agent on the reservation, or are they sent direct to the Indians themselves? May I say in passing that this country should be proud of what our Indian brothers did during the recent war, and I hope that some effort will be made to recognize the contribution they made to the empire and to Canada, their home.

Mr. SENN: The Indians on the reservation in my riding also had a very good record in joining the forces. I understand that in this particular band, as in many others, the land is vested in the band itself, and I would not suppose that the land itself was handed over to the individual veteran. In their particular way of holding land it is vested in the band and the Indian has a vested right only in the improvements. How are these grants being given? What is the government doing to retain title in the land until it is paid for?

Mr. MACKENZIE: The grants are under the authority of the minister of mines and are passed to us for approval, and the grant of $2,320 may be disbursed for one or more of the following purposes: Purchase of essential building materials, and other costs of construction, clearing and preparation of land for cultivation, purchase of essential farm stock and machinery, purchase of equipment essential to forestry, purchase of commercial fishing equipment, purchase of trapping or fur farming equipment, but not breeding stock; purchase of essential household equipment, acquisition of occupational rights to lands vacant or improved located within the boundaries of any Indian reserve. In addition to this, the Indian veterans have the same rights as other veterans to apply for settlement outside the Indian reserve. In such instances the usual procedure is followed in making appli-

cation and arranging interviews with the Indian agent. Practically speaking their benefits are the same as those of other Canadians, and I am proud of what we have done for them.

Mr. SENN: How many veterans have taken advantage of it?

Mr. TUCKER: To date, 115 Indians have been located on Indian reserves with a total expenditure of $225,582. That is Indians on Indian reserves. I am told that approximately 10 per cent of the Indian veterans of world war II have been taken care of under the Veterans Land Act in one way or another.

Just to give an idea of the speed at which people are being settled under the Veterans Land Act, I would point out that in the month of May the number of loans approved for all classes of settlement totalled 1,808, involving a commitment of $8,836,000, and in June there were 1,829 with a commitment of $9,089,000.

Mr. SENN: Very often our friends living on reservations are not too provident in some of their dealings. Does the land act branch exercise supervision over purchases made from this amount of money?

Mr. MACKENZIE: No; the Indian agent.

Mr. HARKNESS: As this is the last of the items under the regular estimates of this department, can the parliamentary assistant give us the information he promised yesterday in connection with the item of $50,000 for advertising under the veterans insurance scheme?

Mr. MACKENZIE: I understand that will be presented as soon as possible during the course of these estimates.

Mr. HARKNESS: Can it not be given now?

Mr. TUCKER: It will be given this afternoon.

Mr. MACKENZIE: As soon as we leave this particular discussion on the land act and come back to problems more or less financial it will be given.

Item agreed to.

646. Gratuities—Auxiliary services, $70,000.

Mr. BROOKS: I wish to refer for a moment to the A.R.P. When we were in the committee a deadline was put on the time within which a man might apply who had been injured in A.R.P. services. I am interested in the case of a man who was injured in 1941. He applied a couple of years later. He had an accident which did not seem serious at the time but which developed into a serious condition. In most of these acts the minister has some discretion, but in that particular act there is no discretion in the minister. The man himself had no idea that there would be a deadline and now he is shut off from a pension although he had a serious accident. Can any consideration be given this particular case? There are very few cases under the A.R.P.

Mr. TUCKER: The relevant clause in the civilian war pensions and allowances bill is section 42, which reads:

> No pension shall be awarded under this part in respect of any disability unless application is made therefor within one year after the day the war service injury resulting in such disability was sustained, or in the case of a male under the age of sixteen years or a female under the age of seventeen years, within one year after the respective ages are attained, and no pension shall be awarded in respect of death unless application is made therefor within one year after the death.

As I understand this case, this man did not realize that he was suffering a disability until over a year after it had occurred.

Mr. BROOKS: Yes. The man had an accident which affected his knee. He sustained the accident during a blackout; it did not develop into a serious condition until some time afterwards, and he had to have a serious operation. When I was in the committee I protested against the deadline, pointing out that the men would not know anything about it and so they would be cut off altogether from applying. I took the view that some discretion should be left with the minister or the head of the department to consider such cases.

Mr. MACKENZIE: We will certainly deal with that case, either under regulations or by order in council, or by a special item in the estimates. I shall be glad if the hon. member will send it to me.

Two questions were asked by the member for Calgary East in regard to booklets pertaining to veterans' insurance. There were 750,000 printed. Of these, 100,000 were sent overseas for distribution. The remainder have been distributed or are available for distribution throughout Canada.

Another question was asked in regard to the Last Post fund, I am afraid that incomplete information was given to the committee last evening in the course of the discussion on the estimates of the Department of Veterans Affairs. It was suggested that the accounts of the Last Post fund were audited by the auditor general. In actual fact the procedure is that all accounts submitted by the Last Post fund are audited prior to

payment by representatives of the comptroller of the treasury. I wish to make that correction.

Item agreed to.

647. Hospital accommodation and facilities, $22,818,620.

Mr. MacNICOL: During the war quite a number of organizations performed splendid services in Toronto. I refer particularly to ladies' organizations of almost every description. They raised moneys to send favours overseas to soldiers. When the war ended and they had completed that work they found themselves with quite a number of dollars on hand. I know of one association presided over by Mrs. Stewart Sager, president of the Davenport Progressive Conservative Association, which had on hand a few hundred dollars. When I was home last I found that, with the consent of her officers, she had written out a cheque and presented it to the Hon. W. J. Stewart for the purchase of furniture for a room in Sunnybrook hospital. I understand that most of the organizations of Liberal and Progressive Conservative parties —the one I am speaking of is a Progressive Conservative association—have done likewise. When the minister gets back from his next trip will he communicate with the Hon. W. J. Stewart and ascertain the names of the various organizations which have contributed money toward the purchase of furniture for rooms in the Sunnybrook hospital—which, by the way, costs between $400 and $500—and at least send them a letter thanking them for their contribution to that end?

Mr. MACKENZIE: May I tell my hon. friend that I have been simply amazed at the generosity of the people of Toronto. I have sent every single one of the donors a personal letter of appreciation and thanks. Their performance is one of the finest things I have ever seen. There must be about five hundred donors of beds and various pieces of equipment for Sunnybrook hospital. In every single case they have received a personal letter of acknowledgment, of gratitude and of appreciation from myself.

Mr. MacNICOL: Mrs. Sager's organization made a contribution of all the furniture required for one of the rooms in Sunnybrook hospital. As I said, I believe it cost $400.

Mr. MACKENZIE: They are all doing wonderful work.

Mr. HARKNESS: I am still far from satisfied with the $50,000 for advertising in the veterans insurance department. The minister said that 750,000 pamphlets were issued. The great majority of these pamphlets must have been issued prior to this fiscal year. The $50,000 is for the current fiscal year. So far we have not had any explanation as to what the money is being used for or what the advertising is.

Mr. MACKENZIE: There have been two or three different lines of activity in advertising. For instance, one was in regard to the handicap cases, which had a fine effect. I do not think there is any definite decision yet in regard to the final allotment or destination of these funds, but they will be used in connection with what we have been carrying on for the last three years—keeping the needs of veterans before the public.

Mr. HARKNESS: The $50,000 that I am worried about is under veterans insurance. There is an amount of $143,000, all told, of administrative expenses of the department to keeping in force 6,599 policies. I have been trying to get some explanation why $50,000 for advertising was necessary and particularly what the form of advertising was going to be. I might point out that it is for this current fiscal year. Apparently the three-quarters of a million pamphlets advertising this scheme must have been all printed in former years. What the minister has just said has nothing to do with this $50,000, so far as I can see.

Mr. MACKENZIE: The only reason for it would be this: it might be necessary, or it might not, to issue a booklet conveying information to some of the veterans who have come back and who are not familiar with the opportunities of the veterans' insurance, and also explaining the legislation to them. It might not be used at all.

Mr. HARKNESS: I am still not satisfied with that. It means, as a matter of fact, an expenditure of about $8 or $9 on advertising for each policy that is in force at the present time. Surely the advertising required for this veterans' insurance must have been done by this time, and there should not be any need for it in the present year.

Mr. MACKENZIE: There are 1,150,000 discharged ex-service men in Canada to-day. That means five cents for every one discharged. They should know about their opportunities in Canada. I am not saying whether it will be used or not. The idea behind it was to give the information to them by way of a pamphlet or otherwise if necessary.

Item agreed to.

Progress reported.

INCOME WAR TAX ACT

The house resumed from Tuesday, August 13, consideration in committee of bill No. 368, to amend the Income War Tax Act—Mr. Ilsley—Mr. Macdonald (Brantford City) in the chair.

On section 8, subsection 2—Taxpayers whose chief occupation is farming or fishing.

Hon. DOUGLAS ABBOTT (Acting Minister of Finance): We had passed subsection 1 of section 8; we were dealing with paragraph 7 of subsection 2 at page 22 of the bill.

The CHAIRMAN: It starts near the bottom of page 21 and carries over to page 22.

Mr. FLEMING: Mr. Chairman, I wonder if I may direct the minister's attention to the answer recorded in *Hansard,* which he gave on August 13. The answer, as it appears at page 4770, is ambiguous and does not leave with the reader the impression which I believe the minister wished to leave on that day. I direct the minister's attention to the reference to averaging over the three-year period, as it appears about half way down the second column. *Hansard* reads in this way:

Mr. Fleming: Suppose that by reason of losses with his herd he sustained an actual deficit of $2,000. The following year, we will say, he makes a profit of $2,000 and the third year another profit of $2,000.

Mr. Abbott: The average income for two years is nil.

Mr. Fleming: Will his income for the three years be the average of $4,000 over three years, or will it be the average of $2,000 on two years? In other words, are you going to allow him to set off the deficit of the first year?

And then follows this answer:

Mr. Abbott: The first year he had a loss; the second year he had a profit of $2,000, and the third year, another profit of $2,000. The average—

I think the word "average" is a mistake—

—income would be $2,000, averaged over the three years.

It seems to me that the minister gave the committee to understand that in that case $2,000 would be the total income for three years, and that the $2,000 income would be averaged over three years; so that it would be stated as an income of $667 per year.

Mr. ABBOTT: That is correct. The word "average" should be struck out of that answer which the hon. member has referred to. It should read, "The income would be $2,000, averaged over the three years", or an average of $667 in each of the years.

Mr. TOWNLEY-SMITH: Would the minister define the words "chief business, occupation, trade or calling" as they appear in section 8 (2) in the new subsection 5? Is it the calling or occupation in which a person spends most of this time, or from which he derives most of his income?

Mr. ABBOTT: I believe we had passed that part of the section. Obviously the question is one of fact for determination. The question as to what a man's chief occupation would be is one of fact, not of law. It would depend upon the facts in a particular case.

Mr. GRAYDON: He might be putting in most of his time losing money.

Mr. DIEFENBAKER: Will the committee permit me to ask a question which does not fall directly under the section before it? I have brought this matter to the attention of the minister. This request comes from a cooperative, quite a number of which find themselves in the same position. Perhaps the committee will permit me to put the question on record so that the answer may be given at the convenience of the minister.

This is the telegram I received after the discussion which took place in committee. It is dated at Davidson, Saskatchewan, and reads:

Our society credits patronage dividends yearly to members open account to be disposed of individually as they see fit. These dividends are generally used to settle accounts for goods owed the society or as a credit for the purchase of goods. Some draw them out in cash, others transfer their balances to loan account in which position they receive four per cent interest per annum. Here it is withdrawable at any time. Will this procedure so far as patronage dividends are concerned meet the new regulations.

This is signed by the Davidson Cooperative.

Mr. ABBOTT: My hon. friend asked me the question privately, and I expressed the opinion that this would qualify as a proper payment of patronage dividends under the provisions of the act. I said I would confirm that opinion through the officials, and I shall do so. Indications now before me are that the opinion I gave is a correct one. It would seem from the facts as given, that the money is payable on demand. It may be taken in cash, if desired, or left with the cooperative. In those circumstances I believe it complies with the requirements of the statute.

Subsections 2 and 3 of section 8 agreed to.

Section 8 agreed to.

Sections 9 to 14 inclusive agreed to.

On section 15—new part VIIIA.

Mr. FLEMING: Under section 15 (1) we have certain lengthy provisions extending over more than three pages. What I have

to say will apply equally to all the new sections which are proposed to be inserted in the act. The key to the new proposed appeal procedure is in some respects found in the new section 69F, at page 28, where we find a provision which embodies the budget resolutions. It provides:

This part and the schedules referred to in this part are applicable only in respect of assessments of income of the nineteen hundred and forty-six and subsequent taxation years and part VIII of this act is not applicable in respect of the said assessments.

I do not wish to occupy the time of the committee in a repetition of the observations I made in the debate on the budget resolutions. I must repeat, however, that in large measure, the provision in 69F reduces to futility the new provisions for appeal procedure. It comes down to this, that on the 1946 income the taxpayer will make his return in the spring of 1947. The assessment, in the ordinary course, will reach him about the year 1950. This new appeal procedure does not begin to function until after the taxpayer has received his notice of assessment which, in the ordinary course of events, he will receive about 1950 for the first year to which this new appeal procedure can apply.

Mr. ABBOTT: We will try to speed up the assessment.

Mr. FLEMING: It will take a lot of speeding up.

Mr. ABBOTT: I agree.

Mr. FLEMING: But let us be very hopeful, perhaps unduly hopeful, and say that the notice of assessment might be expected in two years or, if we strain our imaginations, a year and a half. Even so, it still means that it will be 1949 before the new appeal procedure can have any opportunity to function.

If there is merit in this new appeal procedure—and I think it is the opinion of the committee that such procedure is long overdue; it certainly was the opinion of the senate committee which made very useful recommendations—then surely that appeal procedure should be put to work now. Here we are about to pass legislation to bring into being two new bodies with appellate powers. We are to have an income tax appeal board and an income tax advisory board; and yet these bodies are not to begin to function until about 1950, in the ordinary course of events. If it is greatly speeded up, it might begin to work in 1949. If this procedure is not to become effective for another three years, why should we be asked to pass it now? On the other hand, if there is merit in this appeal procedure, and there is a need for it, it ought to be available to the taxpayer now. That is my first observation respecting section 15.

My second relates to cases which involve appeals, both from decisions on facts or law and from decisions involving the exercise of the minister's discretion. I am not going to go into the subject of the exercise of discretion because I discussed that on a previous occasion. However, I should like to put before the minister a case for which it seems to me no provision has been made in section 15. Take a case which might arise under both sections 69A and 69B. Suppose an appeal is launched under section 69A to the income tax appeal board from an assessment. Let us assume that one of the points involved in the minister's decision has to do with one of the subjects in connection with which he is entitled to exercise discretion under the act. In that event presumably the appeal would lie under section 69E to the other board, the income tax advisory board. It seems to me that no provision has been made here for the case which involves a decision on a point of fact or law and a decision involving the exercise of discretion. In other words, no provision has been made for the double-barrelled case. The scheme of procedure laid down in this section is that where an appeal does not involve the exercise of the minister's discretion, the appeal will lie from the minister to the income tax appeal board. But where issue is taken by the taxpayer with the minister's exercise of one of his discretionary powers, the appeal will be taken to the income tax advisory board, which does not render a judgment but simply advises the minister. The procedures in the two cases are different. The results which might flow from the decisions of the two boards are different. I therefore submit that further consideration should be given to cases involving both types of decision.

The third observation I should like to make is with reference to the draftsmanship of the substantive sections dealing with the powers of the appeal boards in these various cases. It may be that because a number of new provisions are being inserted following the present section 69 resort had to be had to schedules, but it seems to me to be an unfortunate departure from sound draftsmanship to relegate to schedules sections of the highest importance defining the powers of these appeal boards and the extent of their jurisdiction. Let us agree that schedules are the proper place to set out rates of taxation and such matters, but they are not the place to find substantive provisions of a statute defining the powers of boards of appeal. As I say, it may be that the draftsman felt that as he was inserting in the act a code of procedure

between two sections, he did not wish them to extend to too great a length. If this bill is to be enacted in its present form I would urge upon the minister that when the time comes to revise the act these provisions be put in their proper place so that the sections defining the jurisdiction of these boards of appeal will follow the sections dealing with appeals in general.

The next observation I should like to make relates to warning the taxpayer of his rights in the matter of appeal. It is not to be expected that great numbers of taxpayers will know the new law with reference to appeals, particularly as we are now to have various forms of appeal. My request is that the new appeal procedure be made effective by giving the taxpayer warning in each case of his appeal rights. In the first instance, take the notice of assessment. I suggest that the notice of assessment bear on its face a warning as to what are the rights of appeal from the assessment. The taxpayer should be told that under the provisions of section 69A he may within two months appeal to the minister. Then when he receives the minister's decision he should be warned in that decision that he may within three months appeal to the income tax appeal board. The judgment issued by that board should in turn warn him that he has four months to appeal to the exchequer court. Similarly in cases involving the exercise of the minister's discretion, the taxpayer should be notified that under section 69E he may within two months file his notice of objection with the minister. Then if the minister rejects his appeal, under subsection 3 of section 69E he may within two months require the minister to refer the case to the income tax advisory board.

I should like to conclude these remarks with one further observation. In section 69B, subsection 1, paragraph (b), there is a provision which I think should be carefully examined. This is the section outlining the right of appeal to the income tax appeal board, and two cases are provided for. First, an appeal may be launched after the minister has confirmed the assessment or reassessed. Second, an appeal may be launched after six months have elapsed after service of the notice of objection and the minister has not notified the taxpayer that he has vacated or confirmed the assessment or reassessed. That section comes down to this: If for any reason the board comes to the conclusion that there is no merit in the appeal, or if the appeal is ignored by the department, or if it has not received the taxpayer's notice of appeal and the department gives no notice to the taxpayer that no action is being taken on his appeal, then the taxpayer's rights of appeal are gone without any notice to him whatever.

Mr. ABBOTT: This section is to protect the taxpayer.

Mr. FLEMING: It deals with the case of the minister not having notified the taxpayer after he has vacated the assessment or reassessed, and it will apply in the case where a taxpayer has served his notice of objection and nothing happens for six months.

Mr. ABBOTT: May I just try to clear that up? Under this section the taxpayer would first appeal to the minister and the minister may confirm the assessment or reassess. If he appeals to the minister and the minister does nothing for six months, if the minister just sits on it and the taxpayer hears nothing, then after the expiry of the six months he can go to the appeal board. It is really to give the minister six months in which either to handle the objection or fail to do it. There is really a six months' term for the taxpayer. In other words, the minister is given six months to straighten the thing out before the taxpayer goes to the income tax appeal board. While the drafting may not be perfect, that is the purpose of the section and I think it fairly accurately sets out that intention.

Mr. FLEMING: The appeal by the taxpayer may not involve a large amount, and he may not have legal advice in connection with his right to appeal. He submits his notice of objection to the minister, and then he waits to hear from the minister. Six months pass.

Mr. ABBOTT: He does not lose his right.

Mr. FLEMING: How much more time has he?—because if you look at the beginning of subsection 1 you will see it sets out his right of appeal.

Mr. ABBOTT: He has unlimited time; if the minister takes unlimited time to deal with it, he has unlimited time to lodge the appeal to the board. If the minister does not do it within six months, he can just by-pass the minister, if I may so describe it, and go to the appeal board.

Mr. FLEMING: Will the minister cast his eyes down a little further to the words:

but no appeal under this section may be instituted after the expiration of three months from the day notice has been mailed to the taxpayer under section sixty-nine A that the minister has vacated or confirmed the assessment or reassessed.

Does the minister say that this section will be interpreted so that no time limit will be applied against the taxpayer to defeat his right of appeal from the minister to the

board until after three months after notice of reassessment or other disposal has been received by him?

Mr. ABBOTT: After it has been mailed to him.

Mr. FLEMING: And if the minister waits two years, to take an extreme case, that right of appeal to the board will continue through the two years and for three months?

Mr. ABBOTT: My hon. friend is correct in that last statement. When the resolution was before the committee the hon. member for Eglinton, and I think the hon. member for Muskoka-Ontario, pointed out that the board would hear appeals from assessments on 1946 income but not for earlier years, and they both suggested that authority be given to allow the board to hear appeals from assessments in respect of 1945.

Mr. FLEMING: And earlier years.

Mr. ABBOTT: I have carefully considered that point and have discussed it with the officers of the department and considered the possibilities of doing what my hon. friends have suggested, but I am afraid it is not feasible to do so, for this reason. There is a good deal of organizational work necessary in connection with the appeal board itself, and also in the Department of National Revenue, to enable the department to handle the additional work which will be thrown upon it in connection with these appeals. I think it would be unfortunate if the board were compelled to operate without proper preparation. For that reason I have come to the conclusion that it is not feasible to make the new procedure available for taxation years earlier than 1946. The present procedure of appeal to the exchequer court will remain available for those prior years.

Some progress is being made in expediting the assessment of returns. The average at present is about nine months to a year on individual returns. I must confess that that includes the easy returns, the small salary returns. For the larger returns made by people with other sources of income, where the assessment is more complicated, I do not pretend that the average is as short as I have mentioned; it is longer. However, every effort is being made to catch up with the lag, and that depends, as the committee knows, on obtaining a more experienced staff.

Mr. FLEMING: Did the minister mean to indicate that the income tax appeal board and presumably the advisory board also are to be appointed now and that they will require the next two years to prepare to exercise their functions under the act? Or is it the government's intention not to appoint the income tax appeal board and the advisory board for that period of time, until there has been some reorganization within the department?

Mr. ABBOTT: Of course my hon. friend will appreciate that there is first the problem of obtaining the right personnel for this board. When the board has been selected, it in turn has to obtain the necessary staff. It has to familiarize itself with the work with which it will have to perform. On balance it was felt that if it were in full operation by the middle of next year, that is about the most we could hope for. I agree with my hon. friend that there will be a great volume of appeals which will no doubt come forward later for 1946 which will not be ready at that time, but there will be some appeals in cases where the assessments can be made quickly. I think it will be found in 1947, when the board is ready to take over its operations, there will be plenty of work for it to handle.

Mr. FLEMING: Would the minister take a wager on that?

Mr. ABBOTT: Oh, I am not a gambling man. Another interesting point my hon. friend raised was the parallel functions of the advisory board and the income tax appeal board, that appeals may well involve one point in which discretionary power is exercised by the advisory board and other points of fact and of law to go before the appeal board. That situation was thought of, and it was considered that one of two things should be done; that an appeal should be made to the advisory board and get that disposed of first, and the other appeal, if it were thought necessary in order to preserve a time limit, would not be determined until the advisory board had rendered its decision. Or, alternatively, they might proceed on parallel lines, the final decision by the appeal board on questions of fact and of law to await the final determination on the discretionary end. As a lawyer my hon. friend will appreciate that, and it seemed to be the most practical way of approaching it. I think it will be found that the appeals on matters of discretion can be disposed of more expeditiously than the other appeals, because the questions involved, while important, will be of much narrower compass. So I think in practice that is the way it will work out. It was felt in any event that it would be well to experiment to see how it works out on that basis, and if it were found that there was a serious tie-up for reasons such as my hon. friend has suggested, some appropriate change could be made.

Mr. FLEMING: Will that not make the appeal procedure expensive and cumbersome? It is the experience of most people who go before the exchequer court in income tax appeals that you rarely have an important case coming before that court that does not involve points of fact, law and discretion. If we are to make two appeals out of one, it will be a slow, cumbersome and expensive process. It emphasizes again the wisdom, if I may say so, of the recommendation that came from the senate committee, that the income tax appeal board should be clothed with authority to determine appeals on matters of discretion also. That would have given the taxpayer a simple procedure.

Mr. ABBOTT: I shall be very glad to give consideration to my hon. friend's remarks. I shall have something to say in a moment on the other point he raised. But I may say from my own experience when I was handling some of these appeals, that in the few cases I had in the exchequer court I did not have any in which the question of discretion was involved. In most cases it was a question of law, and in certain cases a question of fact. I did not happen to have in my own practice questions of fact, discretion and law involved in the same case, but I have no doubt that that sometimes happens. I think we should try this out. From my own experience I believe it will work, and if it does not, we will change the law to make it work.

As to drafting and the use of the device of a schedule, I have considerable sympathy with my hon. friend's views on that, and when a general revision of the act is taking place I think we could attempt to see that the necessary provision is made. I am also in complete agreement with him on the advisability of advising the taxpayer of his new rights of appeal, and I feel sure that the Department of National Revenue can adopt procedure along the line he suggested, namely, that a clear statement of the taxpayer's rights of appeal can go out on or accompanying the notice of assessment form.

Mr. MACDONNELL (Muskoka-Ontario): I have one question to ask the minister which, I think, could properly come at this moment by reason of what the minister has said referring to the revision of the act. May I draw his attention to what was said on October 12 last by the Minister of Finance in his budget speech. Speaking of reorganization, he said—*Hansard,* page 1006:

> Any reorganization of the personal income tax must be so carefully and thoroughly done that it will not have to be re-done in the early future. I have somewhat reluctantly reached the conclusion that, at this early date and in view of the contingencies involved in our discussions with the provinces, it is wise not to attempt to combine an immediate revision of the whole personal income tax structure with reduction of the tax.

He goes on to speak of simplification of the forms for the forthcoming year. Are we to take it that that project of which the minister spoke, which he seemed to regard as of great importance, and which I certainly think the public regard as of great importance, has receded? I think the minister made a general reference to it on June 27 last, although at the moment I have not been able to spot it. I would like to know where the matter stands, as it is of public interest.

Mr. ABBOTT: I have not the minister's statement before me, although I remember listening to it. I think what he had in mind in the statement which my hon. friend has just read was, more particularly, a reorganization of the rate structure. Of course in addition to that there is the rearrangement of the act itself. Work is being done on it continuously. As no one will appreciate better than my hon. friend or other hon. members who have legal training, that is a very big job, it is a difficult job, but work is being done on it steadily. I am not in a position to make any promises, but I would certainly hope that the revision, consolidation—simplification, if you want to call it so—to which we have all been looking forward will not be long delayed. I do not think there is anything more I can add to that statement at the moment.

Mr. MACDONNELL (Muskoka-Ontario): As I understand it, then, one can be assured that this is not something which is being done in somebody's spare time, but is regarded as an important project which is continuously proceeding.

Mr. ABBOTT: My hon. friend can rest assured that that is so.

Mr. DIEFENBAKER: I am not going to repeat the arguments which I made on August 13 when this matter was referred to on a previous occasion. As I see the situation, while a right of appeal is granted under section 69A, having regard to the subsequent paragraph, section 69E, which deals with the question of the review of discretion, the right of appeal is very greatly circumscribed. While it will in some degree remove some of the objections which have been taken here before, I submit that it does not go far enough. For if discretionary power remains subject to appeal merely subject to submission to an advisory board, with no power to alter the decision made by the official in the exercise of his discretion, the right of appeal is

to all intents and purposes, in so far as discretion is concerned, a matter of form and not of effect.

I advanced several arguments the other day in this matter. It affects individuals everywhere in this country. I come from an agricultural province, and it affects in great measure the farmers not only of my own province but of all over the dominion. Within the last two years intensified efforts have been made by the Department of National Revenue to collect income tax from farmers. Many of them have no records, and because they have none, officials of the income tax branch have simply set arbitrary figures as to what the income was, and upon the basis of whatever the arbitrary figure might be the assessment has been made. And that decision is final, regardless of equities and regardless of any injustice which may have been done.

This whole question, as I said the other day, was dealt with by a committee of the senate to which reference was made this afternoon by the hon. member for Eglinton. This committee covered the situation thoroughly, and I am going to refer to one or two recommendations which were made and ask the minister whether or not he is prepared to accept an amendment which will provide once and for all a right of appeal and will be in fact a right of appeal for most of the matters upon which to-day ministerial discretion or official discretion is accepted as final. In the report of the special committee of the senate, page 382, the following appears:

> The first important consideration which appeared repeatedly throughout the hearings and which is felt to be a fundamental principle in this connection is that the board of tax appeals, when established in whatever form considerd desirable, should be entirely divorced from and independent of the control of that department of government which is charged with the levying and collecting of taxes.

I submit that in so far as the advisory board is concerned the bill goes contrary to that principle, which is a necessary principle to be accepted, that justice is to be assured. Second, the senate committee has pointed out that it is equally important—

> —that the administering officials of the department which levies and collects the taxes be not accorded any authority relating to the exercise of administrative or ministerial discretion, the levying of assessments, or the imposition of penalties which is not subject to the immediate, effective and conclusive jurisdiction of an independent tribunal.

When one looks at section 69E, setting forth as it does the number of cases of discretion provided for in this act, some indication is given of the small ambit in which there is the right of appeal. As a matter of fact the Acting Minister of Finance has just stated that, in actions he has had before the courts, they dealt mainly if not exclusively with questions of law. I can well understand that, because if they were matters of discretion there would be no right on the part of the exchequer court to hear those matters unless under the authorities it was established by the objecting party that the discretion had not really been exercised in a legal manner, or had not been exercised honestly or fairly, or that the person who exercised the discretion did so on the basis of extraneous considerations which ought not to have been before the officer in question. So the result is that the only appeals that would come before the exchequer court, the law being what it is, would be appeals dealing with a matter of law.

Mr. ABBOTT: They could be questions of fact as well.

Mr. DIEFENBAKER: Yes.

Mr. ABBOTT: I had one or two in which there was a very acutely disputed question of fact.

Mr. DIEFENBAKER: Oh, yes; but I believe I am correct in saying that when it is a question of fact the court resubmits, on the appeal, the matter to the minister with a view to having him determine the proper exercise of discretion in regard to the decision on those facts.

Mr. ABBOTT: It has not in my experience, but it could.

Mr. DIEFENBAKER: I am speaking from memory, but my recollection is that on more than one occasion the court has referred a matter back to the minister because it did not have the power to substitute its decision, regardless of its feelings on the subject, for the decision on the facts as determined by the taxing officer.

Mr. ABBOTT: There were six or seven witnesses and there was no reference back, when the exchequer court heard the case.

Mr. DIEFENBAKER: This committee of the senate had before it representations of almost every industry in the dominion and of every great organization. It had representatives of labour, agriculture, business and industry, and it recommended that there should be constituted a board of tax appeals either by a separate statute of the dominion parliament or by some appropriate amendment. It further recommended that, in addition to having the judicial powers of a court of record, such a board be also empowered to dispose of questions arising on matters of fact which might enter into the determination of the law relat-

ing to the proper construction of a statute, and moreover that they have full power to hear and determine any appeal made by a taxpayer from an assessment under the act. Having regard to the thoroughness with which this committee heard the evidence, and on which it came to what I believe is a reasonable conclusion, considering the wishes of the vast majority of the taxpayers of the country, and realizing that the only voice in protest against the recommendation, as appears in the report, was that of Mr. Fraser Elliott, I submit that the minister might very well have gone as far as to accept, if not all the recommendations, at least a major portion of them. I suggest that this appeal board, so far as it does operate under the income war tax act, under section 69A, should not only sit in Ottawa but should hold sittings in various places throughout the country.

Mr. ABBOTT: I agree with the hon. member.

Mr. DIEFENBAKER: I am glad my hon. friend does, because it is impossible for those in distant provinces to have their cases presented to the appeal board unless the board from time to time sits in capital cities or in the major cities in the various provinces. I repeat, I am pleased that the minister agrees with that view, because it is obvious that otherwise many who might desire to appeal, believing it would be too expensive for them to travel to Ottawa and retain counsel, might be denied the right to appeal.

With a view to bringing the whole question to a head so far as appeals are concerned, I am going to move that section 69A be amended by adding after the word "assessment" in line 43, the following words:

or to any question of fact or arising in matters of fact which may enter into a determination of the law.

The section would then read:

A taxpayer who objects to an assessment or to any question of fact or arising in matters of fact which may enter into a determination of the law under this act may, within two months after the day of mailing of the notice of assessment, serve on the minster a notice of objection . . .

And so forth. I believe that the acceptance of this amendment would be generally benefical to the people who, during the period of the war, willingly paid income tax and often willingly accepted rulings which they believed were unjust because they did not wish to impede the war effort, realizing that it required money. If the amendment were accepted, then of course some alteration would have to be made in section 69E, to which I shall have some references to make when we come to it.

Mr. ABBOTT: I may reply briefly to the points raised by my hon. friend, particularly with reference to the exercise of discretionary powers by the minister under the provisions of the act. It was dealt with by each of us the other day on second reading of the bill, and I then put forward the view of the government, giving the reasons why it was felt that these discretionary powers must continue to be exercised by a responsible minister of the crown and not by any independent board.

It seems to me that the exercise of discretionary powers, to the extent that this may be necessary, properly belongs to ministers of the crown, and, of course, the government as a whole must take responsibility for the act of any minister, as this government is quite prepared to do. I do not believe that independent bodies that are not responsible to parliament, not responsible to the electors, should exercise the functions of government.

I agree with what has been said in this debate on previous occasions, that these discretions should be restricted to the greatest extent possible, but either under the head of effective administration of an act of this kind or in the exercise of discretion to determine what is after all a matter of government policy, I think that it is necessary that someone should have the power to exercise discretion.

Let me give one or two examples, first on the question of depletion. Under the act as it now stands the minister is given the right to fix rates of depletion in the case of certain wasting assets. In my judgment that is in essence a matter of government policy to be determined by a minister of the crown responsible to parliament and not to be determined by any independent board. The same applies to the question of rates of depreciation. That may not be quite as evident, but again, in my opinion,—it is only an opinion but it is my judgment—that is a matter which should be exercised by a responsible minister, a minister responsible to the people, and not by an independent board. The same would apply to one of the discretionary powers given under the act, to approve a particular pension fund or plan as being a plan which is entitled to avail of the provisions of the act. As to the appropriate allowance for a reserve for bad debts, there, again, that to me is a matter of government policy and should be determined by the minister and not by any independent board. There are a number of minor discretions: the power to designate where books and records are to be kept, the right to nominate persons who shall make the return on behalf of a corporation, the general power to enlarge

returns, and so on. I will not assert that there are not some discretionary powers in the act which should not be eliminated, and we are endeavouring to do that. I do not think there are many. I say that the great majority of the discretions conferred on the minister by the act are discretions which should be conferred on a minister of the crown and not upon any outside independent board which is responsible to no one.

The senate committee did extremely valuable work. They made a thorough investigation of this question. Their report has been most valuable, and in many respects it is being implemented in this legislation; but in my opinion they were mistaken in their recommendation with respect to the exercise of these discretionary powers. I should like to read to the committee one statement which they made in that connection and which will be found at page 383 of the report which the hon. member for Lake Centre read. I wish the committee would listen attentively. This is what it says:

> In this connection it is also recommended that the board should, for the purpose of entertaining and disposing of appeals from assesments, have the statutory authority to exercise all the powers and discretions of whatever nature as may now be vested in the Minister of National Revenue under any of the provisions of the Income War Tax Act or the Excess Profits Tax Act, 1940, or any such powers as may be imported into them at any subsequent time by legislative or administrative authority.

I have heard a great deal in this house and elsewhere in the not too distant past about delegating authority to boards; and I would ask hon. members to read that recommendation rather carefully and see whether they do not think the suggestion is that we should delegate to this board, which would be independent of any parliament, independent of the people, the power to exercise discretions in matters which, in my judgment, are matters of government policy. If the discretion is to be exercised it should be exercised by a responsible minister of the crown who sits in the house and must answer for the exercise of that discretion. I do not want to overemphasize that point, but that is the reason why the government has come to the conclusion that these discretionary powers must be exercised by the responsible minister. In order to give some assurance that these powers will not be exercised arbitrarily, we are proposing to set up this independent advisory board which will have the task of reviewing the exercise of the discretionary powers by a minister, and, if it disagrees with the minister, so stating. But in the final analysis the decision will rest with the responsible minister. If he sees fit to do so he can disregard the advice of the advisory board. I think it is fair to say that he would be a bold man to do so. He would have to feel pretty sure that the board had gone astray. Nevertheless he will retain that right, which is fundamental to our system of parliamentary government of taking the action on his responsibility.

Mr. DIEFENBAKER: Would the minister permit a question?

Mr. ABBOTT: Gladly.

Mr. DIEFENBAKER: Would the decision or recommendation of the board on a matter of discretion be made known to the person appealing?

Mr. ABBOTT: Oh, yes; it is our intention that it be made known to the person appealing. It should be made known not only to him but to the public. Probably the names should be kept secret if they do not have any bearing on the findings. It is the intention that the findings of this advisory board should be made available not only to the person appealing but to the general public. I think it should be helpful to the general public to know how the discretionary powers on matters of policy and otherwise are being interpreted, how they are being exercised, and that parliament should know it. That is the reason, as concisely as I can give it, why the government has decided that these powers must remain with the responsible minister. It is for that reason that I cannot accept the amendment which has been proposed by the hon. member for Lake Centre.

Mr. MACDONNELL (Muskoka-Ontario): In cases described by the minister as matters of government policy I would find it difficult to disagree with what he has said. In regard to the discretions mentioned in section 69E, has there been singled out of the many discretions which the minister may exercise those which are in fact considered to be matters of government policy? Let me give an example. I refer the minister to page 17 of the bill and to the discretion reserved to the minister under subsection 2 of section 5, which says that depreciation may be allowed if the taxpayer is, in the opinion of the minister, making a new investment and so on. Is that what the minister would describe as a matter of government policy? It would seem to me to be something different from that. It would seem to me to be a matter not of government policy but merely of interpreting, as a matter of fact, a business point which the act sets out.

Mr. ABBOTT: I will concede that there are some borderline cases and that may be

one of them. I have not had time to consider them in detail, but I would say that the majority of these discretions, the ones which are really important to the taxpayer, things like depletion, things like depreciation, bad debt reserves and so on, things which really affect the amount of taxes which he has to pay, are fundamental questions of government policy. I have had some experience in this line, as my hon. friend knows, and I make the assertion that the discretions which are important, the ones which really affect the taxpayer in his pocketbook, are ones which relate to government policy.

Mr. MACDONNELL (Muskoka-Ontario): Let me ask one further question. When the minister says that questions of depreciation or bad debts are matters of government policy, does he mean consideration of depreciation, or bad debt reserves in a particular company or does he mean fixing a general policy which has to be followed and applied in all cases?

Mr. ABBOTT: What I mean is fixing a general policy that is applied in all cases, fixing rates of depreciation and depletion. Particularly in the case of depreciation it is difficult in a statute, for instance, to lay down a general rule for every type of asset. Generally speaking, machinery and equipment is depreciated at, let us say ten per cent a year as an example. But there may be special types of machinery and equipment that depreciate much more rapidly. There should be a discretion in the minister to allow that more rapid rate of depreciation. That is what I mean by the exercise of discretion in what is in essence a matter of government policy.

Mr. DIEFENBAKER: I should like to turn to section 69E which deals with the taxpayer. The section reads:

A taxpayer who objects to a decision of the minister made in the exercise of a power conferred by one of the following provisions of this act . . . may within two months after the day . . .

—appeal to the minister, and later on the matter may be referred to the income tax advisory board. The minister says the reason why appeals on these discretionary matters cannot be allowed is that they are matters of government policy. I am going to look over a few of these.

Mr. ABBOTT: The main reason.

Mr. DIEFENBAKER: Paragraph (g) reads:

The minister may disallow any expenses which he determines to be in excess of what is reasonable for the business carried on by the taxpayer.

I say by no stretch of the imagination is that matter one of government policy. Then paragraph (e) reads:

The minister has the power to determine which parent shall be allowed the deduction in respect of a dependent child if the parents cannot agree between themselves.

Is that a matter of government policy?

Mr. ABBOTT: Yes.

Mr. DIEFENBAKER: Paragraph (k) reads:

The minister may determine the chief position or occupation of a taxpayer.

(n) Under ss. 3 of s. 21 the minister has the right to value property transferred by shareholders to a personal corporation.

Mr. ABBOTT: Most of those sections are to prevent fraud.

Mr. DIEFENBAKER: It continues:

(o) Under s. 23 the minister may determine the fair price of commodities sold by one company to a related company.

None of these things, by any stretch of the imagination, could be considered as matters of government policy. Then we come to one about which there can be no question whatsoever:

(w) Under s. 47 the minister may determine the amount of tax to be paid notwithstanding the return made by the taxpayer.

That, I submit, is a paragraph which must be considered as unfair. Without any appeal on the part of the taxpayer. the minister simply determines that the amount for which the taxpayer should be assessed is an arbitrary amount fixed by the minister; and, regardless of the circumstances, the taxpayer has no right of appeal.

Mr. ABBOTT: Would the hon. member read the whole of section 47, to which he has just referred? That is the discretion in question. Perhaps he would allow me to read it. It states:

The minister shall not be bound by any return or information supplied by or on behalf of a taxpayer, and notwithstanding such return or information, or if no return has been made, the minister may determine the amount of the tax to be paid by any person.

That is a provision found in every income tax act. The taxpayer has his right of appeal to a court. But if we did not have the provision in the act, the taxpayer could avoid payment of the tax simply by failing to file his return.

Mr. DIEFENBAKER: That is just what the taxpayer will not have—the right of appeal—if this becomes law. Let us examine this seriously, under section 69E.

Mr. ABBOTT: That is not a discretion.

Mr. DIEFENBAKER: It is set out as one of the discretionary powers under section 69E, and not subject to appeal. It is subject only to a decision by the minister.

Mr. ABBOTT: But there is an appeal against that.

Mr. DIEFENBAKER: If that is so, it should not be in here. It should not be set out in section 69E. It says in section 69E that a taxpayer who objects to a decision of the minister made in the exercise of a power conferred by one of the provisions in the act, among others paragraph (w) which refers to section 47. That is specifically referred to. Then it goes on to say:

. . . may within two months after the day on which notification of the decision is sent to the taxpayer, object to the decision by filing a notice of objection in duplicate.

(2) Upon receipt of the notice of objection, the minister shall reconsider the decision and shall, as soon as possible, either—

—revise the decision, or take the alternative action.

Then it states:

(3) Where the minister has informed the taxpayer under subsection 2 of this section that he intends to affirm the decision or to make some variation therein other than that requested by the taxpayer, the taxpayer may, within two months after the day notification is sent to the taxpayer under that subsection, require the minister to refer the objection to the income tax advisory board, constituted by the fifth schedule to this act—

And soon. The very fact that it is included in section 69E, as one of the matters which go to the income tax advisory board is, I submit, of itself, definitely conclusive of the denial of the right of appeal under that particular subsection.

Mr. ABBOTT: I completely disagree with my hon. friend; but that is a matter of law.

Mr. DIEFENBAKER: Well, my hon. friend may completely disagree if he wishes. But if I am wrong in that, is it included in section 69E under one of these paragraphs in respect of which there is no appeal?

Mr. ABBOTT: He can take his appeal under either or both.

Mr. DIEFENBAKER: First the minister says the reason we have section 69E is that these are matters of discretion—and it is so entitled. They are referred to as discretionary powers. Now he says either they can decide it is not a matter of discretion, and appeal under section 69A, or, if the taxpayer feels it is a discretionary matter, he can proceed under section 69E. The minister cannot have it both ways.

[Mr. Abbott.]

Mr. ABBOTT: I will agree with my hon. friend to this extent, that it may be unnecessary to include it in section 69E. But what we have attempted to do is to include virtually all these discretionary or alleged discretionary powers, except those which have been spent or those which refer to the excess profits tax. But if the hon. member would like to have it struck out, I would have no objection.

Mr. DIEFENBAKER: I think the minister must agree that it would make it conform.

Mr. ABBOTT: I am inclined to think that is correct. I would have no objection to striking it out.

Mr. FLEMING: I was interested in the answer given by the minister a minute ago with regard to making public the findings or recommendations of the income tax advisory board. I would draw to his attention the fact that there is nothing in the bill to that effect. I would invite his attention, by way of contrast, to another section in the bill. If he will look at the third schedule which begins at page 31 of the bill, and direct his attention particularly to page 34 where it deals with the powers of the income tax appeal board, he will see at the bottom of the page the following as section 10 (2):

The registrar shall, under the control and discretion of the chairman, make available for publication all decisions of the board.

That is the procedure provided for the income tax appeal board. There is nothing similar for the income tax advisory board under the fifth schedule.

Mr. ABBOTT: Perhaps I am partly responsible, because I assisted in revising these particular sections. We felt that since the income tax appeal board was, in a sense, a court, we had better spell out the provisions, completely, including the one to make the findings of the board available. Since the income tax advisory board was, in a sense, a departmental board, we thought it would be more efficient and more satisfactory to deal with a good many of these points by rule or regulation. But I give the hon. member and the committee the assurance that those rulings or decisions, or whatever you wish to call them, will be made available.

Mr. FLEMING: Besides making the decisions public, will the minister also make public the complete recommendation, with the reasons tendered to the minister by the income tax advisory board? I recall that under the procedure laid down in section 5 of the Excess Profits Tax Act the board of referees tenders

its recommendation to the minister. The minister merely tells the taxpayer what his decision is, but in no case of which I am aware did he give any of the reasons, or even the gist of the decision the board of referees arrived at when making the recommendation to the minister. The minister was not bound by the recommendation. He did not publish either the recommendation or the reasons which the board attached to the recommendation.

I think that in this instance it is important not only that the decisions of the board be made public, but that the reasons for the decision also be made public. They might be of more value to other taxpayers than the bare, bald decisions.

Mr. ABBOTT: I shall take note of my hon. friend's suggestion. I cannot make any definite commitment now as to the exact form these decisions will take. It seems to me we should leave that until the board is set up. But I would agree that the material made available should be sufficient to enable others who are interested fully to appreciate the considerations involved in the recommendation. I should think it would be appropriate, of course, that names should not be mentioned—

Mr. FLEMING: Quite so.

Mr. ABBOTT: —so as not to reveal the private affairs of other people. But I can assure the committee that every effort would be made to see that the fullest possible statement is made of the reasons on which decisions are founded.

Mr. FLEMING: I believe the minister expects that these two boards will build up a certain jurisprudence. The income tax advisory board will build up its jurisprudence in relation to the interpretation of these sections with respect to discretionary powers. I believe the minister made it clear that he feels it would be of little assistance to taxpayers in general if they were simply told that an appellant's assessment had been reviewed by the income tax advisory board, and that they recommended against any interference with the assessment. They should give reasons which will be of some help to the taxpayer and to other taxpayers.

Mr. ABBOTT: I agree.

Amendment (Mr. Diefenbaker) negatived.

Section agreed to.

Sections 16 to 19 inclusive agreed to.

Mr. DIEFENBAKER: I understood that my hon. friend was going to delete paragraph (w) of section 69E.

Mr. ABBOTT: I have not thought the matter right through, but I am inclined to think that might take away something from the taxpayer which he otherwise would have. I have no objection to deleting it, but in drafting the section we attempted to include all the ones we could. This seems to be a sort of discretionary power; the words used are "the minister may determine." We put it in and I wonder if it would not be well for us to leave it in. I will give consideration to the point which my hon. friend has raised, but I really feel it may be of some benefit to the taxpayer to have it in.

Mr. GRAYDON: Is the government starting to think of the taxpayer?

Mr. ABBOTT: We always think of the taxpayer.

Mr. DIEFENBAKER: It can be left in if the taxpayer is being considered. It is a fine thing to know from what the minister says that for once the taxpayer is to be considered. I submit that if it is included, then section 47 should be without prejudice to the rights of the taxpayer to appeal under section 69E.

Mr. ABBOTT: I am arguing as a lawyer, but my own feeling is that nothing said in section 69E takes away from the taxpayer the right which he has under section 69A to appeal against an assessment. He can appeal against an assessment, not only with respect to matters of fact and law but with respect to these discretionary powers. It is true, as has been pointed out here on other occasions, that in the case of most of the discretionary powers his appeal might be of little value because the court would not interfere with the exercise of a genuine discretion. The language used in section 47 is "may determine"; and when there is a determination of income, when a taxpayer has failed to file a return, has filed an incomplete return or something of that kind, if the taxpayer has any dissatisfaction he has an appeal against the assessment. I am just arguing a legal point. I may be wrong, but I think I am right.

Mr. FLEMING: I think some of the difficulty with which the minister is faced at the moment in regard to the present section 47 arises from the language of section 69E, subsection 1, which is too broad. This reads:

> A taxpayer who objects to a decision of the minister made in the exercise of a power conferred by one of the following provisions of this act . . .

The heading of that section is "review of discretion", but the word "power" might not necessarily be confined to discretionary powers.

In some of these sections there is provision for both a discretionary power and the power to make a decision. I think section 47 is a good example. I should be inclined to conjecture that the reason the draftsman put in section 69E, subsection 1, paragraph (w), was that he thought that in making a determination under the present section 47 the minister might have occasion to exercise some of the discretionary powers conferred under other sections of the act. It is quite apparent that in many cases in carrying out the provisions of section 47 the minister is bound to exercise discretionary power. Would not the difficulty be met at least to some extent, by inserting in the second line on page 27 of the bill the word "discretionary" before the word "power"? I think that would overcome the difficulty of there being any possible repugnance between section 69A and 69E and would go a long way toward overcoming the difficulty presented by the present section 47.

Mr. ABBOTT: I was wondering whether it might not be possible to cover this point by adding an additional subsection, to the effect that proceedings under this section shall be without prejudice to any right of appeal which the taxpayer may have under other provisions of this act.

Mr. DIEFENBAKER: I think that would cover it.

Mr. ABBOTT: I would be quite glad to insert that, and I shall ask my colleague to move it.

Mr. ST. LAURENT: I move accordingly.

Amendment agreed to.

Section 15 as amended agreed to.

Sections 20 to 23 inclusive agreed to.

On the title.

Mr. JACKMAN: Section 3, subsection 7, has to do with certain forms of investment companies where the taxation is at half the regular rate, and reference is made to companies having a funded indebtedness. A company might have no bonds outstanding but, on the other hand, have a bank loan maturing in three, four or five years. Would that constitute a funded debt for the purposes of this section?

Mr. ABBOTT: I would not think a bank loan would come under the heading of funded indebtedness.

Mr. JACKMAN: I should like to ask for some clarification of the bill where non-resident owned companies are dealt with. I brought up this matter when the resolution was before the committee. Would a company whose fiscal year did not coincide with the calendar year be prejudiced as far as rate of taxation or the constitution of the tax was concerned? It is not set out specifically, but I think the minister gave that assurance.

Mr. ABBOTT: I renew that assurance.

On the schedules.

Mr. FLEMING: I should like to make an observation about the schedules, particularly the provisions contained on pages 34 and 36 of the bill. Section 8 of the third schedule defines the jurisdiction of the income tax appeal board while on page 36 the jurisdiction of the exchequer court is defined. I should like to draw attention to the language used. The present section 66, which defines the jurisdiction of the exchequer court, reads:

> Subject to the provisions of this act, the exchequer court shall have exclusive jurisdiction to hear and determine all questions that may arise in connection with any assessment made under this act and in delivering judgment may make any order as to payment of any tax, interest or penalty or as to costs as to the said court may seem right and proper.

Section 8 of the third schedule, on page 34 of the bill, gives the board of appeal three powers:

> The board may dispose of an appeal by
> (a) dismissing it,
> (b) making the assessment that should have been made, or
> (c) vacating the assessment and referring it back to the minister for reconsideration and reassessment.

But when an appeal is taken from the decision of the income tax appeal board to the exchequer court, section 3 (4) of the fourth schedule, on page 36 of the bill, provides:

> The court may dispose of the appeal
> (a) by dismissing it;
> (b) by vacating the assessment;
> (c) by varying the assessment; or
> (d) by referring the assessment back to the minister for further consideration and reassessment.

The difference comes down to this, as I read these provisions: the income tax appeal board has no power to vary the assessment; the exchequer court has power to vary the assessment. What is the reason for withholding from the board the power to vary the assessment?

Mr. ABBOTT: I know there is a difference in language, but I think my hon. friend's point is covered by section 8 (1) (b), which provides that the board may dispose of an appeal by "making the assessment that should have been made." I think that is perhaps a little longer way of saying that the board may vary the assessment.

Mr. FLEMING: If the minister gives the assurance that that is the way it will be interpreted—

Mr. ABBOTT: I think it would have to be interpreted in that way, and if it were not, we would certainly amend the law. I think those words are broad enough to cover the point raised by my hon. friend.

Schedules agreed to.

Bill reported.

Mr. ABBOTT moved the third reading of the bill.

Mr. BRACKEN: I do not think the minister should press for that to-day. Before the third reading I should like to have a copy of all the amendments that have been made in committee if that is practicable.

Motion stands.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF TRANSPORT

391. Departmental administration, $494,958.

Mr. JACKMAN: May I carry on the recommendation, Mr. Chairman, which I was making when we had the bill sponsored by the Minister of Transport before us earlier to-day? It is merely a recommendation to the minister for his consideration. It is to this effect, that the committee which has to do with wholly owned government railways and shipping might well be consolidated with the committee on railways, canals and telegraph lines. The reason I suggest that is that the committee on wholly owned government railways and shipping sits for only a week or ten days each session and to a certain extent lacks continuity of information and background in the railway and shipping field. The other committee having to do with railways also sits infrequently, although I have no doubt that in the early history of our country the subject of new railways, canals and telegraph lines was of much greater moment than it is at the present time. Failing the worthwhileness of that suggestion, I would suggest that bills for the construction of branch lines or for capital expenditures on behalf of the Canadian National Railways be referred to the standing committee on wholly owned government railways and shipping, which embraces within its purview the annual report of the Canadian National Railways system. The members of that committee are, to some extent at least, familiar with the operations of the railway and have the purview of its expenses, the outlook for the coming year and the capital structure of the railway system, and if there is to be any addition to the debt caused by the construction of new lines I think it would be well if in future such bills were referred to that committee, failing the acceptance of my first suggestion.

Hon. LIONEL CHEVRIER (Minister of Transport): I am very glad to have the observations of the hon. gentleman on the advisability of having branch line bills referred to the committee on railways and shipping. But I should point out to him that at every session a large number of private bills having to do with the construction of bridges, tunnels, and sometimes provincial lines have always gone to the committee on railways, canals and telegraph lines, and never to the committee on railways and shipping. I would also point out that the matter is not one to be decided by the Department of Transport but by the house itself, because the committee having to do with railways, canals and telegraph lines is set up by the house itself as a standing committee and the adoption of my hon. friend's suggestion would require the rules of the house to be amended.

Mr. JACKMAN: I was asking for the minister's assistance if the idea met with his own approval.

Mr. CHEVRIER: It does not entirely meet with my approval, because I am sure the committee on railways and shipping would not want to be bothered with all these private bills. It is concerned exclusively with government-owned railway and shipping operations, having been set up for that specific purpose. I might add that, in the past, branch line bills such as the one dealing with the line between Senneterre and Rouyn and that between Taschereau and Noranda were referred to the committee on railways, canals and telegraph lines and not to the committee on railways and shipping.

Mr. HAZEN: Last week we passed the Merchant Seamen Compensation Act. Since then a matter has been brought to my attention which I should like to bring before the minister. It has been brought to my attention that the cost of insurance is prohibitive for owners of small motor vessels of from 50 to 150 tons carrying a crew of about ten men.

Mr. CHEVRIER: This matter was discussed on a separate bill having to do with compensation for merchant seamen, and I do

not see how my hon. friend can properly interject on these estimates a discussion of a bill that has passed the house. In my estimates there is no item having to do with compensation for merchant seamen. I do not want to stop the hon. gentleman from getting information, but I think he had every opportunity to discuss this matter when I had the officers of the compensation board here and was prepared to answer.

Mr. HAZEN: I was not seeking information. My purpose was merely to draw to the minister's attention a matter that has been brought to my attention since the bill was passed. It is a matter that he might very well consider because it comes within his department. I shall be very brief about it; if he will consent to hear me I should like to bring it to his attention.

The CHAIRMAN: I think the hon. member should be allowed to make his statement, on condition that it will not bring about a general discussion.

Mr. HAZEN: What I wanted to point out to the minister was that it has been brought to my attention that the cost of insurance is prohibitive for owners of small motor vessels of from 50 to 150 tons which carry crews of about ten men. I am informed that there are no Canadian insurance companies that issue policies which cover seamen under this act; that the only company that issues a policy to cover seamen under this act is Lloyds of London; the policy they issue is known as a P. & I. policy, and it covers a great many more risks than those covered by the act. The cost of this policy to owners of these small vessels is about $1,500 annually. These motor vessels, from 50 to 150 tons, which ply the waters of the Atlantic between the maritimes, New England and Newfoundland, do not make large profits. I am informed that one company which operates about five of these vessels makes an average profit of about $1,000. If a company of that kind has to pay $1,500 for a policy to protect itself under this act, that practically puts it out of business. I am drawing this matter to the attention of the minister in the hope that some way can be found to permit these companies to carry on business, by providing a premium or some form of insurance which they can pay and which will allow them to make a profit.

Mr. HERRIDGE: I just want to draw to the attention of the minister a condition which has existed on the interior lakes of British Columbia for a great many years on the Arrow, the Slocan and the Kootenay lakes, and more particularly, present conditions on the Arrow lakes. From time to time in a period of forty years dissatisfaction has been expressed by the people in that area with the service provided by the Canadian Pacific steamships. The matter was drawn to the attention of the railroad commission—previously—now the transport board, and it has been generally held that these inland steamship operations do not come under the Railway Act or the Transport Act. Only recently a board of trade on the Arrow lakes presented a submission to the board of transport commissioners complaining of this service and asking for an improved service and the building of a new steamer, and the board replied to the effect that they had considerable doubt as to their jurisdiction with respect to the matters covered by the petition.

Mr. CHEVRIER: May I ask the hon. gentleman if the company he refers to is a private company or is it Canadian Pacific Steamships?

Mr. HERRIDGE: The Canadian Pacific. Then they quote from a case I remember, that of Slocan District Board of Trade versus Canadian Pacific Railway Company, 27 C.P.R. cases, page 299, where it was held that the board had no jurisdiction to order the reestablishment by a dominion railway company of a daily steamship service between places on sea or inland waters running in connection with railway lines owned by the same company. Its jurisdiction under section 358 of the Railway Act extends only over tolls, tariffs and joint tariffs. In that connection I want to say that that condition makes it impossible for the residents of that area to make representations to any official government body for the improvement of the service. At the present time the Canadian Pacific Railway Company is carrying on a very much less service than the service which was in operation years ago, a service which, particularly during the winter months, is a great inconvenience to the lumber operators and the farmers in the district, because the boats do not run right through, they split the service and run only twice a week. I should like to ask the minister if he would give consideration to the situation of inland lake steamers, with a view to having an amendment made to the Railway Act bringing these operations under the control or jurisdiction of the board of transport commissioners.

Mr. CHEVRIER: The only thing I can tell my hon. friend is that, by virtue of an amendment of the Transport Act which was brought down before this house last year, regulations were made providing for licensing

and other matters concerning ships, but it was restricted to a certain area and did not affect the area my hon. friend refers to. I believe he should seek redress in the Department of Trade and Commerce rather than in the Department of Transport, but I can assure him that I shall be glad to ask the opinion of the board of transport commissioners whether there is not some possibility of amending the act so as to give the commissioners jurisdiction over the steamship service to which my hon. friend refers.

Mr. HERRIDGE: Thank you.

Mr. TOWNLEY-SMITH: In the northern part of Saskatchewan there is a certain area which is only partly taken care of by the railway system. In 1928 a railway was started from Edmonton to go east and another from North Battleford to go west. When these two sections came within forty miles of each other construction was stopped, and it has remained stopped ever since that time; in other words, we have a gap of some forty miles in this system. The people in the district are very much inconvenienced and very much perturbed, because, the railway having been promised to them, they flocked into that area in great numbers, and are now in difficulties because the railway has not been completed, and they are asking that this shall be done. If the minister has anything to say on this matter I think that, rather than make a speech at the present time, I will pause here and ask him if he has any further comments to make. Last year consideration was promised, but apparently nothing further has been done; that is, nothing further as far as construction is concerned has been done, although I believe that further surveys and inspections have been made of that district to see just where the line should go.

Mr. CHEVRIER: The hon. gentleman is referring, I take it, to the gap between Heinsburg, Alberta, and Frenchman Butte, Saskatchewan, having a mileage of about forty miles. The gap must be considered in the light of the policy of the Canadian National Railways, which is to look, first of all, at the cost of construction; next, at the natural resources in the area, and, finally, at the amount of traffic that is to be derived therefrom. That is the general practice or custom in the railway. There may be, in fact there have been exceptions to it, but on the whole that is the practice which the railway follows with reference to branch lines. To deal more particularly with this line, it has made a survey which indicates that, because of the limited traffic to be derived therefrom, the operation would not be a profitable one. I think that was the line about which a delegation waited upon me some time ago. I told the delegation pretty much what I had already said to my hon. friend and what I am saying now, and they countered with the suggestion that perhaps a certain angle of that area had not been taken into consideration, that in their estimation there was more traffic to be derived from the area to be closed than the survey of the Canadian National would seem to indicate. So, having regard to that, I asked the railway if they would not take another look at the situation and they have done so, but I am not in a position to give a final report on the conclusion of the survey, except to say that the territory is one which would not produce sufficient traffic to give the Canadian National Railways a return on its investment if the gap were filled by the completion of the line.

At the same time the matter is still under review, of the possibility of the railway being able to serve that territory. The hon. gentleman will remember too the discussion on the Peace River line, when something was said about coordinating rail and highway facilities; and it may very well be, though I am not saying so, that this particular gap is one which might be considered with reference to the coordination of those two facilities. If that were the case it could not be done without the consent of the provinces of Alberta and Saskatchewan or without further consideration of the points raised by the delegation which called to see me in connection with additional traffic. It has not been possible to complete the survey in that respect. That is about as full a report as I can give to my hon. friend on the question.

Mr. MacNICOL: I will tell the minister how he can get a clear picture of the failure to connect up St. Walburg with Heinsburg. If he goes to Prince Albert and then desires to go to Edmonton, what has he to do? He has to go south to Saskatoon and then to Edmonton. If that forty-mile gap were filled he would board a sleeper at Prince Albert and go straight to Edmonton. I agree with my hon. friend over here that the gap should be completed for the accommodation of the public as well as for increased traffic.

Mr. TOWNLEY-SMITH: While it may be that in that particular district traffic is at the present moment too little, there is naturally a certain hesitancy on the part of the people living there to produce more, to raise more cattle and live stock and put more land under cultivation, because the railroad is not there. The potential production of that district greatly exceeds the present production. My information is that that particular piece of line which extends from Heinsburg to Edmon-

ton is one of the best paying pieces of branch line of the Canadian National system. It is difficult to say that the forty-mile gap is not going to be a paying proposition. That is parallel to saying that a bridge over a river, because it does not produce any particular traffic, is not a paying proposition. Nothing can be gathered immediately on either side of the bridge, but if these forty miles were filled in the traffic would increase by reason of that very fact. At the present time the people in that area are having to cross the river by means of a ferry to a little branch line on the Canadian Pacific which is some miles south of the river, and a good deal of the trade is laboriously taken that way. At present the handicap is serious, and it seems to me a foolish idea to build so many hundreds of miles of railway and leave that forty-mile gap in the middle.

Mr. FAIR: When this question came up for discussion last year I added my words to those of hon. members who spoke in favour of it. The line is not in my constituency, but many of the people in my riding have written letters to me in connection with the matter, because they are put to a good deal of extra trouble and expense on account of the gap not being finished. The minister has given reasons why the line should not be finished, but the service that ought to be given the people there is something that should be taken into consideration, because dollars and cents do not make up the whole story. I would urge again that this forty-mile gap be completed as soon as possible, because it is highly desirable that the country there should be developed.

Mr. IRVINE: Mr. Chairman—

Mr. STANFIELD: Mr. Chairman—

The CHAIRMAN: The hon. member for Colchester-Hants (Mr. Stanfield) has the floor.

Mr. IRVINE: Six times I have been on my feet.

The CHAIRMAN: Order. I endeavour to call members as I see them rise, but sometimes a number of members rise from one group, and I try to call others who rise from other groups so that one group will not monopolize the discussion.

Mr. STANFIELD: Coming from Nova Scotia, I wish to bring up one matter that is of importance to us in that part of the country, and I can assure you, Mr. Chairman, that I am not going to discuss maritime freight rates. I am not being critical of the railway or of the employees, for I realize the great service that the employees have given the country, especially during the last six years while the war was on. We should like especially in the lower part of the maritimes, in Nova Scotia, and in Moncton and that vicinity, to have the Ocean Limited, running between Montreal and Halifax, made into a fast train. The train at the present time does not run a great deal faster than it did thirty years ago. The distance between Montreal and Halifax is 800 miles and, if that train made the trip in twenty or twenty-one hours, that would be about forty miles an hour, including necessary stops, which is not a great rate as railways go to-day. I will admit that speed could not be made in the winter, so that it would take a couple of hours longer. There are two other trains serving the maritimes between Montreal and Halifax, and they could well take care of the smaller stops which the Ocean Limited is now making, and they could also carry the mail and express. I should not say all mail, because it might be desirable to have the Ocean Limited carry some of the mail. All the equipment on this train has depreciated. Most of it has been in use for many years and has been rebuilt, but during the past six years it has taken an awful beating. We should like to see therefore, as soon as possible, a train made up of the latest equipment, because we feel that down there the people 800 or 600 or 500 miles away would like to travel to Montreal in as great comfort as possible. It is true that we might have to pay a little bit more to ride on this train, but there are sufficient people down there who would be willing, if necessary, to pay a little extra money to get to Montreal as quickly as they could, and with as great a degree of comfort as possible. There are many professional and business men down there who have to make frequent trips to Montreal and Toronto, and there are other people as well. It would be a matter of good business on the part of the railway to provide this service. To-day many people are travelling by air. If there were a crack train down there they would keep to the railways.

The minister knows that a leader always brings business. If there were a crack train on this line it would bring business to the railroad in more ways than one; in other words, it would be a leader. I have talked to the railwaymen on many occasions; and they believe, along with the public, that it will not pay to wait until a lot of traffic has left the railways and then try to get it back. Many passengers are leaving the railways and are travelling by automobile and air. A crack train would be a great thing not only

for the people of Nova Scotia but also for that whole section of the country. It would help to improve business for the railway.

Mr. CHEVRIER: I am glad to have my hon. friend's view, but I am sure he will realize that if he has found the equipment is not up to standard it is owing to the fact that during the war years the railway had to use anything it could get its hands on.

Mr. ISNOR: Why send it down to the maritimes?

Mr. CHEVRIER: I may tell my hon. friend that the maritimes are not alone in that respect, but it applies to all parts of Canada. If he wishes to come into my own riding he will see that the condition of the equipment is perhaps far worse than it is in certain parts of the maritimes.

Mr. STANFIELD: In my remarks I said that I knew the railway could not get the equipment and that it had taken a bad beating during the past six years; but as soon as equipment becomes available we should like to have it.

Mr. CHEVRIER: I was going to say to my hon. friend that perhaps he knew of the fact that some equipment was in process of manufacture at the present time for the Canadian National Railways and that I think some of it is being manufactured in the maritime provinces. I am hopeful that it will be possible to put some of these new coaches on that line.

With reference to the question of speed, of course that is an important factor so far as the service between Montreal and Halifax is concerned, but there is also the question of intermediate stops which comes into the picture. Sometimes it is not always possible to meet the wishes of those who want a faster train and those who want a train to stop at intermediate points.

Mr. STANFIELD: We still want the train.

Mr. CHEVRIER: I can assure my hon. friend I am glad to have his views, and I shall ask the Canadian National Railways to explore them.

Mr. IRVINE: I wish to call the minister's attention to the resolution which was discussed at an earlier date of this session and which was to the effect that consideration be given to the building of a Peace River outlet. This may not be the time to discuss that matter fully, and I do not wish to reiterate what was said at that time; but I wish to impress on the minister that we want that railroad just as other parts of Canada want railroads. The government might just as well make up its mind that it has to be built; the people of Canada have to be served.

I wish to ask the minister a question or two in regard to the Peace River situation. First, has the government had an opportunity to give any further consideration to the matter? Second, is the minister in a position to say whether there has been any approachment by the provincial governments to the federal government for some joint action in regard to building that road? Third, does the minister know what the provincial government is proposing, and if the provincial government is going to build a line does he know which route has been selected? If the minister has any information along these lines will he be kind enough to let us know?

Mr. CHEVRIER: With reference to the second question, whether there has been any approachment by the provincial government to the federal government, I am not aware of any. I think that disposes of the other questions, save the first. With regard to that question, consideration was given to the building of a railway by the government into the Peace River district, and having regard to the reasons given during the lengthy debate which took place on the resolution and for additional reasons since apparent it was felt that this was not the time to build a railway into the Peace River district.

Mr. MACDONALD (Halifax): I wish to say a word in support of the representations made to the committee by the hon. member for Colchester-Hants. I would also add that, while the necessity of speeding up the Ocean Limited is obvious, more desirable than that is an improvement of the roadbed between Moncton and Halifax. I think the time has come to consider the question of a double track over that busy roadbed. During the war it was perhaps subject to a greater burden of traffic than any other roadbed in the dominion.

There is one other thing I should like to mention. Recently the regional headquarters of the Canadian National Railways at Moncton issued a directive the effect of which would be to prohibit the unloading of cars into freight sheds in Halifax on Sundays and holidays except in cases of emergency. The result is that, on different occasions since this directive was issued, ships which have arrived in Halifax have been delayed owing to the refusal of the railways to supply working gangs at the request of the shipping agents. This directive works a hardship not only on the longshoremen of Halifax but also on those who

are interested in the shipping activities there and who naturally want to induce as much traffic as possible to go through the port. It is quite obvious that if ships are delayed there is a tendency on the part of shipowners, shipping interests and shipping agents to divert traffic elsewhere. I ask the minister to use his influence and have this directive cancelled.

Mr. CHEVRIER: I am happy to tell the hon. gentleman that that matter has already been taken up with the management of the Canadian National Railways, but as yet I have not had a report on it. As soon as I receive it I shall be glad to apprise the hon. member of it.

Mr. LOW: I have another question or two in connection with the Peace River outlet which was raised by the hon. member for Cariboo. What is the policy of the government, to wait until the country is completely settled and producing paying quantities of freight before it is determined that the road should be built, or is its policy to build railway facilities so that the country can become settled and fully developed? That is my first question.

In the second place, surely it must be obvious to the minister and the board that the Peace River country could develop much more rapidly and do its part toward fulfilling the needs of the world for food production, and the production of minerals and other things, if the railway were not only continued on the Pacific coast, but improved from Edmonton to the Peace River district. Has any thought been given to improving the road bed and putting better equipment on that run? I have been on the road many times, and I have found that it is actually dangerous to ride on those trains from Edmonton to the Peace River. They cannot go faster than twenty miles an hour at any time; and at times when one is trying to sleep those old cars continue to rock and creak, so that sleep becomes impossible. That happens even in the winter time, and it continues as though the car were going to tip over. Surely the roadbed and the equipment ought to be improved so as to give a better type of service to the many thousands of people who are struggling up in that country to make their contribution to the economic welfare of this country and the world.

When the minister replies will he give us some assurance that something will be done as soon as possible to give the people there some encouragement? It is an empire in itself, and I am sure if the road were continued on to the coast, one way or another, and improvements made in the approach to the Peace River, Canada will see a tremendous development throughout that whole country, and an increased production nothing short of astounding.

Mr. CHEVRIER: I do not wish to discuss the matter at great length, because I spoke at some length on this subject during the course of the debate on the resolution of the hon. member for Cariboo. Let me say briefly, however, that even among railway engineers there is a divergence of opinion as to whether a line should go into a virgin country first and then bring in the settlers, or whether settlement should be brought in and the projected line then built.

Mr. LOW: What is your policy?

Mr. CHEVRIER: The policy of the Department of Transport to a considerable extent must depend upon what the Canadian National railways—if the line in question is in the territory of that organization—advises and recommends. In this instance, the hon. member knows the Northern Alberta railways are owned jointly by the Canadian Pacific railway company and the Canadian National railways. I would not at this or at any other time attempt to tell him what the policy of another railway is or might be. I do not know what the policy of the Canadian Pacific railway company is. But I do know that there would have to be joint agreement by the railways in connection with what the hon. member seeks.

I know many of the things he has said are true, and were brought out in the committee on railways and shipping. I can only say in reply that perhaps the position he complains about is at least in some respects due to a lack of materials and equipment. The condition of the roadbeds is a matter affecting not only the Northern Alberta railways, but many other railways. I am glad the hon. member has discussed the matter in the house because, not only will it come to the attention of the Canadian Pacific Railway, through *Hansard*, but so far as the Canadian National Railways are concerned, I shall see that it is brought to their attention.

Mr. BRYCE: I wonder if the minister could give us any further information respecting freight rates on beets, a matter which he had under consideration during the summer. I speak not only for the beet growers in the Red River valley, but for those throughout Canada. The minister knows that the present freight rates in Canada, which are only temporary, are renewed each year to meet motor truck competition, and that there are variations in different territories.

To-day the farmer in the United States receives more for his beets than does the farmer in Canada. On top of that, the United States farmer enjoys a cheaper freight rate than we have in Canada. I have the schedule here, but I shall not take the time of the committee to go into it in detail. However, on the average 50-mile haul the Canadian farmer pays 1·7 cents per ton-mile, whereas the United States farmer pays only one cent. On the 100-mile haul the Canadian farmer pays 1·1 cent per ton-mile, while the United States farmer pays only ·7 cents. The minister will realize that there is considerable difference in these rates.

I am wondering if the minister has anything to say in this connection, because the sugar beet industry has a great stabilizing influence on the economic life of the communities in which sugar beet factories are established. They employ a great many people, and operate throughout the year.

The CHAIRMAN: Shall the item carry?

Mr. BRYCE: No; I should like the minister to give me an answer.

Some hon. MEMBERS: Six o'clock.

Item stands.

At six o'clock the Speaker resumed the chair, and the house took recess.

After Recess

The house resumed at eight o'clock.

RADIO BROADCASTING

PRESENTATION OF SECOND AND FINAL REPORT OF COMMITTEE

Mr. RALPH MAYBANK (Winnipeg South Centre): Mr. Speaker, may I ask the consent of the house to revert to the order of business for presenting reports?

And the house having reverted to the order of business for presenting reports by standing and select committee.

Mr. MAYBANK: I should like to table the second and final report of the committee on radio broadcasting, with the evidence presented before the committee.

Mr. JOHN BRACKEN (Leader of the Opposition): May I ask the mover of this motion or the leader of the house when it is expected that an opportunity will be afforded for discussing this report?

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): It is expected that almost at once a bill will be presented, based upon the recommendations of the report. Probably the most convenient time to discuss the matter would be on the resolution for leave to introduce the bill or on the second reading of the bill. It is intended to proceed just as expeditiously as possible with legislation based on the report, and this should be one of the first matters to be dealt with early next week.

PRIVATE BILLS

MARIE OLIVETTE MARTHE PEPIN GIGUERE

Mr. RALPH MAYBANK (Winnipeg South Centre) moved that the house go into committee on bill No. 201, for the relief of Marie Olivette Marthe Pepin Giguere.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

On section 1.

The CHAIRMAN: There are a certain number of divorce bills and two others to be considered in committee. I am informed that the divorce bills are identical with the exception of the names of the persons interested. It has been customary in the past to put these bills through en bloc and, if it is the pleasure of the committee, that procedure can be followed now.

Mr. KNOWLES: How many are there?

The CHAIRMAN: I would have to add them up.

Mr. CHURCH: I do not intend to oppose these bills since no doubt the committee will have to pass them, but I want to object to the system. Under the Roman law marriage was a civil contract, and in many countries they have simply a registration system the same as that in force for births, deaths and marriages. The ceremony is carried out by some municipal officer. I tried to introduce a bill which would provide that any judge appointed under the Judges Act would be bound to follow the decisions of the court of final appeal which are authoritative and to be followed by all judges appointed under this act. I urge the minister to take some action along these lines during the recess so that we may have some different system. I asked for a reference to the supreme court to decide as to judges following authoritative decisions.

After the last war, as after every great war, there were hundreds and thousands of these cases. The high courts of Ontario are congested with them and the judges are sick and tired of having to deal with them. They simply take up the time of the courts of our province, and the minister should look into the matter during the recess of parliament to see if some settlement could not be arrived at of this vexed problem.

The CHAIRMAN: The hon. member for Winnipeg North Centre asked the number of divorce bills; I believe there are approximately 129.

Section agreed to.

Section 2 agreed to.

Bill reported, read the third time and passed.

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. 202, for the relief of Evelyn Helen Deeb Kouri.—Mr. Maybank.

Bill No. 203, for the relief of Rose Dawson Brady.—Mr. Stuart (Charlotte).

Bill No. 204, for the relief of Shirley Boyd Fuller Dichow.—Mr. Maybank.

Bill No. 205, for the relief of Beatrice Emily Young Crane.—Mr. Maybank.

Bill No. 206, for the relief of Martin Thomas Walsh.—Mr. Maybank.

Bill No. 207, for the relief of Anna Blumenthal Gillman.—Mr. Maybank.

Bill No. 208, for the relief of Annie Solomon Birnbaum.—Mr. Maybank.

Bill No. 209, for the relief of Katherina Demidovich Zouikin.—Mr. Maybank.

Bill No. 210, for the relief of Herbert Beatson De Gruchy.—Mr. Maybank.

Bill No. 211, for the relief of Luc Chadillon.—Mr. Stuart (Charlotte).

Bill No. 212, for the relief of Mary Innocent Gorman Martin Gillean.—Mr. Weir.

Bill No. 213, for the relief of Maurice Olivier Singfield.—Mr. MacLean.

Bill No. 214, for the relief of Myrtle Ethel Anderson Hamill.—Mr. Maybank.

Bill No. 215, for the relief of Allan Reginald Duncan Woolley.—Mr. Maybank.

Bill No. 216, for the relief of Ida Portnoff Clarke.—Mr. Maybank.

Bill No. 217, for the relief of May Andria Thistle Shirres Richardson.—Mr. Maybank.

Bill No. 218, for the relief of Florence Margaret Louise Jekill Wiggett.—Mr. MacLean.

Bill No. 219, for the relief of Pauline Frances Beaton Bridgeman.—Mr. Maybank.

Bill No. 220, for the relief of Mildred Helen Cavers Watson.—Mr. Maybank.

Bill No. 221, for the relief of Paul Martial Chevalier.—Mr. Maybank.

Bill No. 222, for the relief of Dorothy Catherine Benson Hunter.—Mr. Stuart (Charlotte).

Bill No. 223, for the relief of Pauline Francesca Evans Gladwish.—Mr. Emmerson.

Bill No. 224, for the relief of Mary MacDonald Short Browne.—Mr. Maybank.

Bill No. 225, for the relief of Solomon Shulman.—Mr. Maybank.

Bill No. 226, for the relief of Robert Patrick Warren.—Mr. Maybank.

Bill No. 227, for the relief of Elsie Alvina Hirsch Sidaway.—Mr. Maybank.

Bill No. 228, for the relief of Sadie Joseph Saikaley Charles.—Mr. Maybank.

Bill No. 229, for the relief of Arthur Corey Thomson.—Mr. Maybank.

Bill No. 230, for the relief of Jean Wilbur Cassils Dawes.—Mr. Maybank.

Bill No. 231, for the relief of Jean St. Claire Macdonald Routledge.—Mr. Maybank.

Bill No. 232, for the relief of John Anderson Hutchins.—Mr. Maybank.

Bill No. 233, for the relief of Ivy May Baylis Lariviere.—Mr. Maybank.

Bill No. 234, for the relief of Muriel Gertrude McKnight Carroll.—Mr. Maybank.

Bill No. 235, for the relief of Erminia Taccani Roncarelli.—Mr. Maybank.

Bill No. 236, for the relief of Violet May Armour Smith.—Mr. Maybank.

Bill No. 237, for the relief of Beatrice Caroline Lock Norman.—Mr. Maybank.

Bill No. 238, for the relief of Blanche Belanger Mullin.—Mr. Maybank.

Bill No. 239, for the relief of Alfred Goodman.—Mr. Maybank.

Bill No. 240, for the relief of Charles Thomson.—Mr. Maybank.

Bill No. 241, for the relief of Hannah Green Turton.—Mr. Maybank.

Bill No. 242, for the relief of Ida Solomon Caplan.—Mr. MacLean.

Bill No. 244, respecting the Army and Navy Veterans in Canada.—Mr. Cleaver.

Bill No. 254, for the relief of Jessie Violet Louise Stargratt Burton.—Mr. MacLean.

Bill No. 255, for the relief of Helen Louise Mitchell Meyer.—Mr. Maybank.

Bill No. 256, for the relief of Donald Dale Carr-Harris.—Mr. Maybank.

Bill No. 257, for the relief of Eugene Ernest Hubert George Colnaghi Williams Waterfield.—Mr. Maybank.

Bill No. 258, for the relief of Gratia Lauzon Rosseau.—Mr. Maybank.

Bill No. 259, for the relief of Laura Olive Byers Manley.—Mr. Boucher.

Bill No. 260, for the relief of Vera Gertrude Horder Fournier.—Mr. Maybank.

Bill No. 261, for the relief of Julia Patricia Byrne Cote.—Mr. Maybank.

Bill No. 262, for the relief of Dorothy Adelaide Grace Vennor O'Toole. — Mr. Maybank.

Bill No. 263, for the relief of Lillian Doris Howard Clark.—Mr. Maybank.

Bill No. 264, for the relief of Helen Agnes Stuart Colt.—Mr. MacLean.

Bill No. 265, for the relief of Alma Gosselin Carbonneau.—Mr. Maybank.

Bill No. 266, for the relief of Florence Cleveland Smith des Baillets.—Mr. MacLean.

Bill No. 267, for the relief of Florence Winnifred Dunlop Starkey. — Mr. Stuart (Charlotte).

Bill No. 268, for the relief of Francis John Stone.—Mr. Maybank.

Bill No. 269, for the relief of Mary McCallum McNamara.—Mr. Stuart (Charlotte)

Bill No. 270, for the relief of Leah Helen Shute Main.—Mr. MacLean.

Bill No. 271, for the relief of Cecile Simonne Robert Turgeon.—Mr. Boucher.

Bill No. 272, for the relief of Edward Cotapschi.—Mr. Maybank.

Bill No. 273, for the relief of Catherine Young Rivard.—Mr. Maybank.

Bill No. 274, for the relief of Mary Jane Michelle Ahearn de Brabant.—Mr. Maybank.

Bill No. 275, for the relief of Jean Ethelwyn Marshall Ross.—Mr. Maybank.

Bill No. 276, for the relief of Frank Ernest Smith.—Mr. Baker.

Bill No. 277 for the relief of Cleora Elizabeth Doyle Mastine.—Mr. Senn.

Bill No. 278, for the relief of Elizabeth Carr Johnstone.—Mr. Emmerson.

Bill No. 279, for the relief of Marie-Rose-Yvette Breton Philips.—Mr. MacLean.

Bill No. 280, for the relief of Barbara Laing Robertson MacNab.—Mr. Maybank.

Bill No. 281, for the relief of Anne Goldsmith Glick.—Mr. Maybank.

Bill No. 282, for the relief of Jean Alexandra Oughtred Scott.—Mr. Maybank.

Bill No. 283, for the relief of Charles Horatio Baldwin.—Mr. Maybank.

Bill No. 284, for the relief of Mary Slobodzian.—Mr. MacLean.

Bill No. 285, for the relief of Edward Charles McKerness.—Mr. MacLean.

Bill No. 286, for the relief of Ivy Anderson Lobb.—Mr. Maybank.

Bill No. 287, for the relief of Yvonne Rachel Mayer Richard.—Mr. MacLean.

Bill No. 288, for the relief of Nellie Izbitsky Abracen.—Mr. Maybank.

Bill No. 289, for the relief of Ellen Margaret Price Garvie.—Mr. Baker.

Bill No. 290, for the relief of Sophie Shoob Natovitch.—Mr. Casselman.

Bill No. 291, for the relief of Madge Aileen Hunter Parker.—Mr. Maybank.

Bill No. 292, for the relief of Claire Yaroslawa Lytwyn Pendiuk.—Mr. Maybank.

Bill No. 293, for the relief of Henry Wallace Argall.—Mr. Baker.

Bill No. 294, for the relief of Mary Norma Wickens Baker.—Mr. Maybank.

Bill No. 295, for the relief of Mildred Emily Rogers Thoms.—Mr. Maybank.

Bill No. 296, for the relief of Pauline Gregoire Girard.—Mr. MacLean.

Bill No. 297, for the relief of Marjorie Maxwell Cleghorn Pope.—Mr. MacLean.

Bill No. 298, for the relief of Marie Charlotte Arsenault Leonard.—Mr. MacLean.

Bill No. 311, for the relief of Joseph Alphonse Christen.—Mr. Maybank.

Bill No. 312, for the relief of Edmund Lionel Hurd.—Mr. Baker.

Bill No. 313, for the relief of Gladys Elsie Lariviere Doyle.—Mr. Baker.

Bill No. 314, for the relief of Ernestine Ann Lothrop MacNaughton.—Mr. Baker.

Bill No. 315, for the relief of Irving Vengroff.—Mr. Maybank.

Bill No. 316, for the relief of Robert Malcolm Dickenson.—Mr. Maybank.

Bill No. 317, for the relief of Gwendolyn Edith Edson.—Mr. Maybank.

Bill No. 318, for the relief of Bernice Mae Skidmore Weale.—Mr. MacLean.

Bill No. 319, for the relief of George Christie Henderson—Mr. Maybank.

Bill No. 320, for the relief of Marie Lauretta Eliennette (Rita) Vallerand Barraclough.—Mr. Maybank.

Bill No. 321, for the relief of William Thomas Bennett.—Mr. Maybank.

Bill No. 322, for the relief of Edna Marjorie Pitts Wellington.—Mr. Maybank.

Bill No. 323, for the relief of Josephine Isabelle Nicholls Broglie Geoffrion.—Mr. Maybank.

Bill No. 324, for the relief of Rose Hannah Colbeck Grant.—Mr. Maybank.

Bill No. 337, for the relief of Marie-Jeanne-Augusta Clement Lajeunesse.—Mr. Maybank.

Bill No. 338, for the relief of James D'Arc Guilmette Henchey.—Mr. MacLean.

Bill No. 339, for the relief of James Arthur Bellows.—Mr. Maybank.

Bill No. 340, for the relief of Charles Howard Alexander.—Mr. MacLean.

Bill No. 341, for the relief of Alfred Wade.—Mr. MacLean.

Bill No. 342, for the relief of Inga Mary Frances Kitching.—Mr. Boucher.

Bill No. 343, for the relief of Harold Clayton Webb Clout.—Mr. Maybank.

Bill No. 344, for the relief of Phyllis Thorburn Rice Colby.—Mr. Maybank.

Bill No. 347, for the relief of Fania Pustopedskaites Sobolevicius, otherwise known as Fanny Pustopedsky Sobolevicius.—Mr. Maybank.

Bill No. 348, for the relief of Frances Mary Fisk Irwin—Mr. Maybank.

Bill No. 349, for the relief of Lilias Clark Watt James—Mr. Brown.

Bill No. 350, for the relief of Michael Gibson.—Mr. Emmerson.

Bill No. 351, for the relief of Azarie Trottier.—Mr. Maybank.

Bill No. 352, for the relief of Elizabeth Sharp Hamelin.—Mr. Maybank.

Bill No. 353, for the relief of Lucille Aimee Cadieux Lacombe—Mr. Maybank.

Bill No. 354, for the relief of Mary Wetstein Szabo.—Mr. Maybank.

Bill No. 355, for the relief of Brandla Lylberberg Guy, otherwise known as Bertha Silverberg Gass.—Mr. McGregor.

Bill No. 356, for the relief of Natalie Kathleen Fearon Kirouac.—Mr. Baker.

Bill No. 358, for the relief of Anita Spinner Starr.—Mr. Maybank.

Bill No. 359, for the relief of Fay Podolne Litwin.—Mr. Maybank.

Bill No. 360, for the relief of Gregoire (Hryhory) Hyss, otherwise known as Harry Hys.—Mr. Maybank.

Bill No. 361, for the relief of James Lamb Runciman.—Mr. Maybank.

Bill No. 362, for the relief of Joseph Wilfrid Lionel Anecie St. Denis.—Mr. Casselman.

Bill No. 363, for the relief of Emily Kathleen Mennie Thissen.—Mr. Maybank.

Bill No. 364, for the relief of Robert Frederick Ring.—Mr. Maybank.

Bill No. 365, for the relief of Walter Vernon Lewis.—Mr. MacLean.

Bill No. 366, for the relief of Leonard Ferdinan Raymond.—Mr. Maybank.

Bill No. 375, for the relief of Mildred Cohen Share.—Mr. McGregor.

Bill No. 376, for the relief of Muriel Elizabeth Clarke Gagnon.—Mr. Maybank.

Bill No. 377, for the relief of Margaret Fern Hobbs Burns.—Mr. Maybank.

Bill No. 378, for the relief of Joseph Euclide Beaudoin.—Mr. Maybank.

Bill No. 379, for the relief of Mary Rose Ellement Boulet.—Mr. Maybank.

Bill No. 380, for the relief of Jean Stewart Lavery Martin.—Mr. Maybank.

Bill No. 381, for the relief of Catherine Edith Thompson Williamson.—Mr. Maybank.

Bill No. 382, for the relief of Joseph McCaffery.—Mr. MacLean.

Bill No. 383, for the relief of Marian Pearl Dunfield.—Mr. Maybank.

Bill No. 384, for the relief of Dollard Charest.—Mr. Maybank.

Bill No. 385, for the relief of Kerttu Helvi Helen Fascio.—Mr. Maybank.

Bill No. 386, for the relief of Anne Shacket Payne.—Mr. MacLean.

Bill No. 387, for the relief of Gaston Marcel Chapdelaine.—Mr. MacLean.

[The Chairman.]

Bill No. 388, for the relief of Ross David Chartier.—Mr. Maybank.

Bill No. 389, for the relief of John Boosamra.—Mr. MacLean.

Bill No. 390, for the relief of Dawz Sims.—Mr. Maybank.

Bill No. 374, respecting Workers Benevolent Association of Canada.—Mr. Maybank.

CRIMINAL CODE

FATAL ACCIDENTS AND INJURIES FROM HIGHWAY TRAFFIC AND LEVEL CROSSINGS

The house resumed from Tuesday, April 16, consideration of the motion of Mr. Church for the second reading of bill No. 27, to amend the criminal code (motor cars).

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I want to ask a question about order No. 21, resuming the adjourned debate on the motion for the second reading of this bill. This bill has not been considered at all. I gave up an hour to the government one night when I otherwise could have proceeded with it. I want to ask the minister one short question. This parliament has been sitting now for 105 days and we have had no discussion at all of the terrible loss of life occurring in this country every week-end. There are thousands of people injured or killed in our cities, on the highways and at level crossings. The British post office stamp all mail calling attention to this danger on the highways with the slogan: "Take no chances; keep death off the road." The appalling loss of life that takes place through the motor car is almost equal to the loss of life in the great war. I hope that in the recess the government will take steps to curb the reckless and criminal negligence that people are guilty of on our highways. It has been condemned by high court judges, county court judges, juries, coroners, magistrates and the public press. It is appalling to think of people being sent into the next world without one second's notice. Yet we have not found time this session to devote five minutes to this menace to life. I gladly gave up time several evenings to aid government measures, at the request of the powers that be when this bill might have been discussed. I appreciate all that the Minister of Justice has done. He has been most obliging, courteous and kind to private members, but I must urge that something be done to curb recklessness in driving motor cars in the cities and on the highways. I do not want to see the minister killed. His predecessor told me that he was nearly knocked down when crossing the street in Ottawa. No one knows who may be next. I do not want to see the leader of our party killed or the active Minister of Reconstruction and Supply.

I believe the time has come when this parliament should educate the public to the dangers and do something to curb the awful loss of life that occurs through the motor car and enforce the laws. Our legislation is defective at the present time, especially respecting hit-and-run drivers. Negligence is shown all along the line. I suggest to the minister that during the recess of parliament something should be done about this menace, a survey made and a remedy found. I should like to hear from the minister on this matter.

Right Hon. L. S. ST. LAURENT (Minister of Justice): Mr. Speaker, I shall not make a lengthy statement about this matter. We all deplore negligence on the highways, but who of us are not from time to time guilty of some negligence?

Motor traffic on the highways is a matter that is peculiarly within the jurisdiction of the local authorities, provincial and municipal. The only way in which this parliament can deal with it is under the criminal code, and under the criminal code there are very severe penalties for reckless driving. It is up to the local authorities to enforce both the criminal code and their own laws and regulations with respect to motor traffic. I know that some provincial authorities have adopted, as a rule that is obligatory upon the courts before which cases for reckless driving come, the cancellation of the driver's licence for a period. We from time to time receive applications that we should recommend to His Excellency that the term for which a licence is cancelled or suspended should be changed; but since I have occupied the office of Minister of Justice no such recommendation has been made without the assent of the minister in charge of the highways of the province in which the applicant resided, because I felt that it would be quite improper for any federal officer to give the right to use the highways of a province to someone who had, under the laws or regulations of the province, been deprived of that right.

I think some useful purpose can be served by a debate in this house which is reported in the newspapers and which serves to impress upon the public the necessity for everyone to exercise the greatest possible care in handling these powerful vehicles. No one a few years ago would have thought that it was possible to trust the handling of a locomotive to someone who had not had a long period of training in handling it, although the locomotive follows rigid rails and has priority over other traffic. Motor cars have not perhaps the same power as locomotives, but they travel quite as fast and it requires very little study or training to be allowed to obtain a driver's licence. There are unfortunately many accidents. In view of the facilities with which a driver's licence is obtainable and the large numbers who have such licences, the accidents are perhaps not as numerous as they might be. Nevertheless that is no reason why everyone should not be extremely careful.

I have only once appeared before the assizes in a criminal case. I was asked to defend a young man who had had the misfortune to be involved in an accident in which a workman had been killed. The young man was acquitted. I have not seen him for several years, but I know that at that time he felt that that accident was something which was going to darken the whole of his life. That is something, I think, which should be, more often than it is, brought to the attention of those who drive cars. No one means to kill anybody, but when it does happen it is for the one who is involved as driver a most distressing experience, and I think that is something which might be more often mentioned as an incentive to those who handle motor cars to drive them with the greatest possible degree of care. Once more, I think the hon. member intends to render and does render a service to his fellow citizens by asking that something be said about this in the House of Commons; but as to what can be done, I think the most effective action is to appeal to the deep sense of responsibility of the average citizen.

Mr. CHURCH: What about hit-and-run drivers? I hope the minister will not be the next victim since in his address he has followed the "line of least resistance."

Mr. DEPUTY SPEAKER: Do I understand that the hon. member is withdrawing the bill?

Mr. CHURCH: No, I would rather let it stand.

Motion stands.

PRIVILEGE

MR. DIEFENBAKER—REPORT OF RADIO BROADCASTING COMMITTEE—POSITION OF OFFICIAL OPPOSITION

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, on a question of privilege arising out of the laying on the table a while back of the report of the radio committee I should like to make it perfectly clear that that report is not a unanimous one, and that with many of the representations we of the official opposition are in disagreement.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF TRANSPORT

391. Departmental administration, $494,958.

Mr. CHEVRIER: Before the house rose at six o'clock, the hon. member for Selkirk raised a point about freight rates on sugar beets, and referred to a discrimination between the Canadian rate as opposed to the United States rate. At the time I was not able to give him an answer, because there are some forty thousand tariff items which are handled by the board of transport commissioners. The hon. gentleman will understand that the Department of Transport as such has no jurisdiction over tariff rates, that that is a matter which is under the board of transport commissioners. The practice is for the railway to file a tariff with the board, who in turn post the tariff up in the locality where it is to apply, and if there is any objection to it a complaint can be made to the board. It may well be that in the case mentioned by the hon. gentleman the shippers have made representations to the railways, but I have inquired of the board of transport commissioners and I am informed by them that no complaint covering this particular tariff item on sugar beets has been made to them. So the best advice I can give my hon. friend is this, that if the shippers are not able to obtain satisfaction from their railways they can always appeal to the board of transport commissioners, who will adjudicate upon it.

Mr. GILLIS: During the budget debate I introduced the subject of an application on the part of the Nova Scotia government to the national harbours board with respect to the establishment of a flour mill or the securing of a site. This has been a matter of controvery for some time between the minister of industry in the Nova Scotia government and the federal government. Later in the debate, the Minister of Transport made quite a lengthy statement and went into considerable detail to offset what the minister of industry in the Nova Scotia government had said. Now, in a press dispatch on July 17—and I want the minister to clear this matter up because it is of some importance in Nova Scotia—the minister of industry of Nova Scotia, commenting on what the Minister of Transport had said here in the budget debate with reference to that matter, issued the following statement, upon which the minister may wish to comment during his estimates:

Mr. Connolly said: "Mr. Chevrier is undoubtedly not familiar with all the facts. This is understandable in view of the fact that his predecessor, J. E. Michaud, was Minister of Transport when these negotiations were carried on. No alternative site was ever suggested by the national harbours board. On the contrary, we suggested an alternative site immediately behind pier 23, which was rejected by the national harbours board. They turned it down because, they said, there was not sufficient space to erect our plant there and because such a plant would interfere with the grain conveyers. It is absolutely incorrect that an engineer of the harbours board did survey this area for an alternative site. He was here part of one day, came in to see me and told me that he did not have the time to make a survey. The fact is that pier 25 was immobilized last year and used only for storage purposes and it was almost entirely inactive."

I am not questioning the merits or demerits of Mr. Connolly's statement or the statement of the Minister of Transport, but—

Mr. CHEVRIER: You would just like a little argument, would you?

Mr. GILLIS: —I think it is of some importance to the people of Nova Scotia to have the matter clarified in their minds. If the Nova Scotia government desired to establish an industry which, although not very big, would employ some people and provide something we have not at the present time, and they were blocked by some federal commission or because of laxity on the part of those in authority, which is the accusation made by the minister of industry of Nova Scotia—and do not forget that he is a Liberal minister in a Liberal government, so that it is a family quarrel—I am merely trying to referee it to see that somebody gets fair play; but I am not arguing this statement with the minister; I am simply bringing it to his attention—he may not have read it—so that he may be able to put the facts on the record as they really are and enlighten the people of Nova Scotia. You may be running an election down there again and we want to have the record straight.

I would also ask the minister if he would be good enough, when he has time and before the estimates are disposed of, to give us some indication as to how far the Canso project has developed. Can he make a statement supplementary to the one he made in answer to the hon. member for Inverness a few weeks ago? I believe the railway is connected with the project and there is talk of rerouting the road through Guysborough county. If he has anything further to say on the subject I shall be pleased to read it in *Hansard* to-morrow. I am sorry I cannot stay for his other estimates, but there are odds and ends that

have to be taken care of somewhere else and I am going to try to make some contribution towards settling the steel dispute. I think we shall be busy for the rest of the evening. I wish to thank the hon. member for Kamloops for his courtesy in allowing me the floor.

Mr. CHEVRIER: Perhaps I had better reply to the question asked by the hon. member for Cape Breton South. He refers to a statement made by Hon. Mr. Connolly, minister of industry and publicity in the Nova Scotia government. I have looked at the statement and, frankly, there is not a great deal of difference between us with the exception perhaps of two things. I can find in the statement nothing that disagrees greatly with what I said in my speech on the budget, when I believe I went into the matter of the flour mill at the port of Halifax at length on that occasion. I do not want to go into it again to-night, but I repeat that nothing in the statement made by Mr. Connolly disagrees very much with what I said. The only two points with which I can possibly take issue, are first, the statement reported in the Halifax *Chronicle* as follows:

> No alternative site was ever suggested by the national harbours board.

The answer to that statement is that two alternative sites were suggested by the engineer of the board who went down to make the investigation. The flour mill people and the engineer from Port Arthur or Fort William insisted that it should be pier 23 or nothing else. As the hon. gentleman knows, pier 23 is a facility of the national harbours board, and it was impossible for the board to immobilize that facility. There were, however, other alternative sites,

With reference to the other part of the statement, I quote:

> It is absolutely incorrect that an engineer of the national harbours board did survey this area for an alternative site. He was here part of one day, came in to see me and told me that he did not have the time to make a survey.

The answer to that is that the engineer is Mr. Russell Yuill, then an engineer of the national harbours board, now port manager at the port of Saint John, and he positively states that he was in Halifax for three days and did make a survey.

With reference to Canso, on June 4 I gave the hon. member for Cape Breton South a fairly complete statement on the project. I have not a great deal to add to that, save to say that since that time a contract has been given for the borings to J. P. Porter and Sons; they have succeeded in boring three holes, and the work is still progressing.

So far as the railway is concerned, I should not like to say more than this, that when I discussed it last year I told the house there were several proposals in view, one having to do with relocation of a low-grade line of railway from Sunnybrae to connect with the Antigonish and Mulgrave line, but that it depended on the nature of the project over the gut of Canso, and that so far as these proposals were concerned, they would be carefully considered by the department. I said that the question of the railway would depend on which of these three or four proposals was finally adopted by the department. I do not think I can say more than that.

Mr. GILLIS: Thank you very much.

Mr. FULTON: Under the general item of the Department of Transport I should like to make a few short remarks with regard to highways and to suggest that the dominion government should have a highway policy. At present it is obvious on looking through the estimates—

The CHAIRMAN: Order. The hon. member for Kamloops intimated the other night that he would like to discuss highways at this time. As I recall, the minister stated that there was no item in his estimates with regard to highways, which did not come under his department. Much as the committee might like to hear about highways, I cannot see that a discussion of the subject would be in order at this time and I do not think it should be discussed.

Mr. FULTON: On a point of order, Mr. Chairman, I am not aware, although I have tried to find out, that there is a rule which lays it down that there must be a particular estimate in the department which is under discussion before a member can raise a certain point. It has been the custom—and I believe this is unquestionable—that on the first item, departmental administration, members are permitted a certain latitude to discuss general matters in connection with the department. Admittedly, a trans-Canada highway is not a subject of federal expenditure and, therefore, not at the moment a matter in respect of which the government has a policy. The purpose of my remarks, however, is to suggest that the dominion government should have a highway policy and should give serious consideration to the immediate development of at least one decent trans-Canada highway in order to promote the progress and development of this country. I would point out that a good many years ago, to be exact, in 1912 and 1913, a bill was introduced by the then

minister of railways and canals to provide for a federal highway programme and for federal assistance to the provinces in developing their own roads. That is why I chose this department upon which to make my remarks.

Mr. CHEVRIER: That was federal assistance to the provinces in respect, I presume, of relief. I do not wish to interrupt the hon. gentleman, but all I need say is that when my colleague the Minister of Reconstruction was Minister of Transport he attempted to bring in a bill giving jurisdiction over rates and giving the board of transport commissioners jurisdiction over interprovincial traffic, and parliament objected to it. Had that been passed, there is no doubt that my hon. friend could discuss the subject which he now proposes to deal with. But I have no money vote in these estimates covering highways, and I would not be in a position to assist my hon. friend, though if he wishes to make a speech I shall be glad to listen to it. I must point out, however, that it is not in order under my estimates, and I say that with deference to him.

The CHAIRMAN: Of course, by unanimous consent the committee could allow the discussion to take place even though it is not in order. I would refer the hon. member to subsection 2 of standing order 58, which reads as follows:

Speeches in committee of the whole house—

And committee of supply is one of the committees of the whole house.

—must be strictly relevant to the item or clause under consideration.

General discussion is frequently allowed on the first item, but the general discussion must be relevant to the items which are being considered. Therefore I rule that discussion on highways would not be in order at this time.

Mr. CHURCH: Why not take up the items separately? In that way we would make more progress.

Mr. FULTON: I did not realize that you, sir, were going to make your ruling or I should have asked permission to make one short observation before the ruling was made. I realize that members have an opportunity to discuss general matters on the budget debate. I purposely refrained from discussing highways at that time, because it seemed to me there were more important matters to deal with. I also felt that the Department of Transport estimates would be the appropriate time to have a discussion on highway policy.

Some hon. MEMBERS: Order.

Mr. FULTON: I wonder whether you would reconsider your ruling, sir, or whether you would say now it would be permissible to bring the matter up under the estimates of the Department of Mines and Resources which does have jurisdiction over roads and national parks.

Mr. GRAYDON: May I be permitted to say a word?

The CHAIRMAN: I have given my ruling, but I shall be glad to hear the hon. member for Peel.

Mr. GRAYDON: I am not disputing your ruling, Mr. Chairman, but it does seem that some opportunity should be given hon. members on some particular item of our estimates to deal with this particular matter. If so, perhaps the estimates of the Department of Transport do cover a wide field of subjects of this kind, and by unanimous consent of the committee the hon. member might have the opportunity of making such suggestions as he cares to make. It is not going to shorten the session any by taking the matter up under another department. It will perhaps expedite matters if it is dealt with now.

Mr. CHEVRIER: May I make this observation? The matter which my hon. friend wishes to discuss is one which appertains to dominion-provincial relations far more than it appertains to transportation. Although there is no agreement between the dominion and the provinces on the question of highways, I think it cannot be assigned to any particular department. There has been an opportunity for discussion on dominion-provincial relations. Perhaps that would have been the time to deal with this matter. I do not know whether there is the possibility of discussing it still further; I doubt it.

The CHAIRMAN: As I understand it, the hon. member for Kamloops desires to make a comparatively brief statement.

Mr. FULTON: Mr. Chairman, I realize that at this stage of our proceedings the house desires to finish its business. I would not care to ask for unanimous consent. I would prefer to wait until I am absolutely certain that the subject is fully in order so that I do not have to limit myself in my remarks but can deal with the subject as I see fit. Therefore I would rather not proceed at this time.

Mr. TOWNLEY-SMITH: It seems that the constituency which I represent is singularly unfortunate in that it has two lines of railway

which are incomplete at the present time. I drew attention to one of them this afternoon, namely, from Frenchman Butte to Heinsburg, with respect to which the minister was good enough to make a statement as to conditions at the present time. I should now like to draw attention to the second one, which was started from St. Walburg to Beaver River or Cold Lake. The roadbed was actually completed for some miles and ties were laid down. Afterwards they were moved and since that time the roadbed has been used as a highway. The people in that district are suffering a hardship because of the failure to complete that line and at times they are under a definite handicap. Will the minister be good enough to make a statement or tell us just what the situation is concerning that particular railway? At a time when foodstuffs are so important the farmers in our country should be encouraged and helped in every possible way to produce as much as they possibly can. Instead of that, because they have not a railway completed, they are, as I say, handicapped in their production. I shall be glad if I can have a statement concerning that particular line.

Mr. CHEVRIER: The gap to which my hon. friend refers, namely, that between St. Walburg and Bonnyville is a much more considerable one than that which he discussed before the six o'clock recess. It is 125·9 miles in length. It has been given careful consideration by the Canadian National Railways. In fact the Canadian National Railways is not at all disposed against it; all to the contrary, if anything.

The portion between Bonnyville and Beaver River has been started in part. I believe the rails have been laid down, but strong representations have been made for a change in the course of the line from the St. Walburg end. In other words, it has been suggested that a line might be built east of the present location as a possible alternative route. That has necessitated a further consideration by way of survey. The Canadian National Railways are careful about the manner in which they proceed. After having obtained a survey for an area and then representations having been made that the area should not be served but that the line should be diverted to take up another route such as has been the case here, the railways go into the financial as well as the traffic possibilities. So far as the St. Walburg-Bonnyville line is concerned, all I can say to my hon. friend at the moment is that, in view of the representations made for the change of the location between St. Walburg and Loon Lake, it would be necessary to have a further survey made of that portion. How soon that can be made, I am not in a position to tell my hon. friend, but I know the Canadian National Railways have the matter actively before them.

Mr. CHURCH: I should like to take five or six minutes to deal with these estimates, particularly under the items of administration and board of railway commissioners. During the first great war and the war just closed a great deal of traffic has gone over our railroads. I hope the minister will be able to study it during the recess. I shall not argue the matter at this time but just mention it. As hon. members know, the employees of the Canadian National Railways and of the Department of Transport on land, ocean, sea and air, on the great lakes and in many other places have been working a great many hours overtime. I hope a survey will be made of the work done by our railways in the transportation of our troops from Europe, through Halifax to the different parts of the country. I hope a study will be made because they had to work under intolerable conditions and long hours, and some war-time bonus should be given to all ranks. I have been talking to many of the conductors. The hon. member for Peel as well as myself has been bringing up this matter for many years past. I hope that something will be done about the matter and their overtime good work rewarded.

The next matter to which I should like to refer has to do with the board of railway commissioners. As you know, Mr. Chairman, they were appointed to regulate the railways. In 1909, by parliamentary authority, they added to their jurisdiction the control of telephone and express companies. It seems to me that after about fifteen or twenty years we have had no rate structure investigations by the commission. Now is the time for one. One section in the Railway Act says that the board of its own volition must investigate freight, passenger, telephone and express rates, and other tolls.

Some of these companies made large sums of moneys out of the war, and I urge upon the minister that he stir up the board to see that they carry out the function for which they were appointed. I believe it is section 275 of the act which gives them the power to go in of their own volition and make investigation. They do not have to wait for applications.

The city of Toronto has spent more than $100,000 in fees paid to experts, bookkeepers, and accountants to get a flat telephone rate for the whole city for business and residential telephones, and on other rate inquiries. No doubt these companies are giving wonderful service, and they performed a great service during the war, but the time has come when

the board of railway commissioners should make a study of the situation accordingly as represented.

During the war, aids to navigation on the great lakes were not what they should be. A survey in this connection should be made throughout the great lakes, because it would seem that most of the money for the use of the department is spent on the gulf and river St. Lawrence, but very little of it on the great lakes for aids to navigation on the upper lakes, where there is such a heavy tonnage. It is of interest to know that the tonnage on the great lakes and the Welland canal is equal to that of the Panama canal. I should hope that something might be done to aid some of the boat captains and their crews with better labour conditions on the ships. I know, when I was chairman of the harbour board in Toronto, and head of the city, we had to establish a long row of white hydro lights at the eastern entrance of Toronto harbour, because the captains of the lake boats could not make the port in rough weather. In fact there was rough weather there; accidents occurred and some few were drowned on the lakes in the late fall. When the minister's estimates are considered I hope a study will be made of aids to navigation on the great lakes with the fall storms. I know that many of the lights are too low, and should be elevated.

There are three other items to which I should refer, the first of which is life saving for which an amount of $44,430 is set aside in these estimates. I wish to protest against what the harbour board of Toronto has had to do in connection with life saving. In that city we have spent far more than this $44,000 on this service there alone; and the life-saving crew from that city at times has to go to Georgian bay, Muskoka, Lake Simcoe, New Ontario, the St. Lawrence river and to the bay of Quinte. Telephone calls come in constantly for the services of the Toronto life-saving crew to recover drownings.

I do not know what would happen if a steamer were to be wrecked on the lake or in the Niagara river at the present time. I know that during the first great war the *Cayuga,* the old *Chippawa* and the *Corona* had great difficulty at times in making harbour. I can remember when the present Minister of National Defence in the first world war was serving with the McGill battery over there, and it was one of those boats that carried him over there. The same is true of His Gracious Majesty, the present King, who happened to be on one of those boats, the *Chippawa,* which was scarcely able to make port because of bad weather and heavy seas. That was the occasion of his first visit as a navel cadet to Niagara in 1913.

It is the duty of the department to save the lives of passengers on ships, and to guard against drownings on the great lakes. Toronto has had to do this all over Ontario, and even to New Ontario. At the present time they simply telephone to Toronto for the life savers from that city, and Toronto gets nothing for it. This is a heavy burden on the taxpayers of that city and I hope something will be done to relieve them of some of the burden, or pay half the cost to our city, which is over $55,000 a year.

Then, I have great respect for the steamboat inspectors, all good men, who make inspections of hulls, boilers, plates, engines and that sort of thing. I wish to point out, however, that they are taking great chances at the present time. The department has built up a splendid business at Port Dalhousie—not "Port Dall-howsie", as the captains used to call it. It has been called all kinds of names. But you have built up a splendid business there, the Niagara, St. Catharines, C.N.R. subsidiary. The department operates the *Dalhousie City*—and also that old tub, the *Northumberland* which thirty years ago was not good enough for the strait of Northumberland. Prince Edward Island. But they sent it up to our town, and it is still running. I am afraid there will be accidents on it, and a new ship is wanted for next year. I travelled on it once or twice to the Canadian Henley, but I would never risk my life on it again. It is time some of the large amount of money the government is making out of these subsidiaries in the Niagara district was spent on a new ship. I know, too, that there was a request for a car ferry at Cobourg, which ran for a few days. A bumper business awaits it in the Niagara peninsula.

I have concluded about all I should like to say on these estimates. The signals service is all wrong. The department has spent large sums of money in air and rail services. Some of the work done has been very good. We realize that the radio division is necessary, although some of the ships are not equipped with radio. There is radio equipment on some of the passenger boats on the great lakes, and to Niagara and Port Dalhousie, but it is time the radio service was extended and improved, and more aids given to steamboat captains on the upper lakes in the late fall in stormy weather.

There is very heavy revenue from the traffic in the Welland canal, and because of that I hope better working conditions will

be provided for canal workers. I shall not refer to all the items to-night, because I do not wish to delay the passage of the estimates. I would hope, however, that a further study would be made by the minister, and that in doing so he will not forget the great lakes, where the main tonnage is found. He should not forget, either, that the marine service on those lakes acts as a regulator of freight rates for six months of the year. In the old days boats used to come in to Toronto from Colborne, Brighton, Cobourg, Port Hope and Oshawa. But the traffic on the roads has eliminated those boats.

The marine service in the Niagara district is the most important. New boats are needed. I should hope the boats would be enlarged and the system extended. Great numbers of people now like to travel by water in the summer months, and the minister would do well to study this question during the recess of parliament.

Mr. GRAYDON: I shall delay the committee for only a moment.

An hon. MEMBER: Hear, hear.

Mr. GRAYDON: I am in agreement with that, myself. I should like to place upon the record something which I believe will be pleasing to the ears of hon. members, and which will also be informative.

During the last session of parliament other hon. members joined me in expressing our interest in the railway workers of Canada. At that time, we placed on record our humble tribute to the magnificent job done by the railway companies and their employees during the war, and I should like to renew my tribute this evening.

Before being called to the international conference overseas last fall, I received a message from the Canadian automotive transport association, which is a federation of provincial motor transport organizations. One of the pleasing parts of that communication from this entirely different type of transportation organization was that, in the very first line, they said that they took their hats off to the job the railways of Canada had done during the war. This expression prompted me to make inquiries respecting the work done by the automotive transport organization, because I thought the splendid spirit which this organization of rubber-tired transport workers had shown toward the railways should be reciprocated, if possible.

Looking into their wartime activities, I found that no less than 32,000 men, or forty-five per cent of this group of for-hire interurban carriers enlisted during the war for wartime duties overseas and in Canada. The job which they did in carrying wartime express and freight for Canada could be described as nothing short of spectacular.

In closing my brief remarks, I should also like to pay a tribute to the noble work done by those who carried passengers in rubber-tired vehicles. During 1939 these passenger coaches and buses of Canada carried a total—I think this will be rather interesting to the committee because it is not always easy to get statistics of rubber-tired traffic—of 16,600,000 passengers in 1,500 vehicles. In 1944, the second to the last year of the war, they carried 73,375,316 passengers in 2,562 vehicles. The total mileage in 1939 was 46,000,000 miles as against 73,000,000 miles in 1944. That gives some indication of the importance of this sister method of passenger transportation. Its achievements can appropriately be set alongside the magnificent job done by the railroads to help Canada's war effort achieve its gigantic objective.

Mr. McCUAIG: Mr. Chairman, I should like to speak on behalf of the people who have been petitioning the Canadian Pacific Railway Company, the Minister of Transport and different governments during the past fifteen years to have a line of railway known as the Valmarie-Mankota gap completed. The distance between these two points is thirty-seven miles. This country has been settled for thirty-five years, and about twenty-three years ago the C.P.R. started to build a branch line from Assiniboia to Notukeu, leaving a gap of thirty-seven miles unbuilt. This gap has occasioned great hardship and losses on the sale of products and has retarded development for many years. Several years ago the Assiniboia board of trade arranged a meeting with Mr. D. C. Coleman, then president of the Canadian Pacific Railway Company. At that meeting two questions were asked Mr. Coleman, the first one being:

Can we be sure that the road will be completed, as it has been rumoured that it might swing north from Mankota and not connect with Valmarie?

Mr. Coleman's reply was that it was mere rumour, that the road would be connected with Valmarie. The next question was:

When could the job be expected to be completed?

To which Mr. Coleman replied:

I can promise you this, that when the finances of the company are such that we can take on a building programme, that will be one of the first jobs taken on.

It is understood that the Canadian Pacific has set aside large sums of tax-free money for post-war construction, and the people feel

that the government should take steps to see that these branch lines are completed by the railroad. Surely people who have been waiting all these years, deserve to be considered, as well as the Canadian Pacific shareholders. This uncompleted gap has put the brakes on production and has added to the costs of the producers. The extra cost of hauling grain by truck is from eight to ten cents a bushel and shipping cream is out of the question. You must either make a 37-mile trip by truck to the north line or else wait for the train which makes only one trip a week. Stock shipped to Moose Jaw from Valmarie is on the train two days and has to be unloaded and fed on the way. When they leave Valmarie they go to Notukeu; then they go back to Shaunavon in the one day, and they are just thirty-five miles north from where they started.

There are twenty-three shipping points on this branch line and, according to information from the pool, a total of five and a half million bushels of grain has been shipped out from these points in one year, to say nothing about the live stock, coal and other things that are shipped in. I want to say here that if the Weyburn-Lethbridge Canadian Pacific line were a Canadian National line there would be no question about this gap being filled in. As things stand now, the produce is hauled to another shipping point on the Canadian Pacific line to the north. They get it all anyway. I should like to quote from a letter written by Mr. W. M. Neal, vice-president of the Canadian Pacific Railway Company, as follows:

> When construction of the lines which now terminate at Valmarie and Mankota was commenced, it was anticipated that the development along the projected route would progress at a rate which would justify this company in continuing, long ere this, construction from each end until both lines met. Unfortunately, our hopes in this respect were disappointed, partially no doubt as a result of the severe drought of the 1930's. The second great war which began in September, 1939, has undoubtedly since then had its effect in retarding this long hoped for development. At more or less regular intervals requests have been received that we proceed with this work on the ground that the absence of the completed railway imposes a hardship upon the people living within the area unserved directly by a railway, and also those on the line west of Valmarie. We fully appreciate their position and their consequent desire for the completion of that line. We find ourselves looking to the future in a position where we cannot afford to expend large amounts of capital without feeling assured of a reasonable return on the investment.

This makes it quite plain that the road was built with one purpose in view, money, not to serve the people. The letter continues:

> I am sure it is apparent to you that . . . with the higher price of coal and other commodities we must now, with decreasing traffic, avoid commitments which do not indicate their ability to pay their way and show a return on the capital expended.

From the foregoing it would appear that the Canadian Pacific has no intention of completing this line. In my opinion the time has come when the government will have to take decisive steps to see that the people living along these uncompleted lines get the much needed transportation facilities. Service to and welfare of the people should be the first consideration. The Canadian Pacific has been given many concessions and privileges; and I think it is the bounden duty of the government, as the parent of the nation, to see that along with these concessions and privileges there goes some responsibility. The people trust that the Minister of Transport and the government will see that this line is built. I would ask the minister to make a statement to the committee as to what is to be done about these uncompleted branch lines. Present conditions are working a hardship on the people. According to a letter that I have received, a mass meeting was held in Valmarie last week demanding action, and the returned men did not take very kindly to the treatment they are receiving. They went overseas to fight for a Canada fit to live in, not to come back to live in hardships. I trust that the government will do something about this matter.

Mr. CHEVRIER: The hon. member asks for a statement. I will give him one very briefly. I am sure he will understand at once that the line to which he refers is in an entirely different category from what the hon. member for North Battleford urged with reference to the gap at Bonnyville-St. Walburg and Heinsburg-Frenchman Butte. Those two gaps to which the hon. member referred are in the territory of the Canadian National Railways and the Canadian National Railways is responsible to parliament through the Minister of Transport, but not so with reference to the line to which the hon. member for Maple Creek has referred. The Minister of Transport has no power to order the Canadian Pacific Railway Company to build a branch line or to fill any gap. The Canadian Pacific is a private company and any representations which the hon. gentleman has to make in regard to it should be directed to that corporation. However, I shall be glad to send a copy of *Hansard* containing my hon. friend's remarks to the president of the Canadian Pacific Railway Company so that he will be able to take under advisement what my hon. friend has said.

Mr. ROSS (St. Paul's): I do not know whether the minister can tell the committee what amount was collected in radio fees from the people of Canada in 1946. I have the approximate amount for 1945.

Mr. CHEVRIER: Will my hon. friend allow me to interrupt him and say that radio is not under the jurisdiction of the Minister of Transport but under the jurisdiction of my colleague the Minister of Reconstruction and Supply.

Mr. ROSS (St. Paul's): I have a few words to say about that too. We have about three ministers looking after radio at the present time. We have the Minister of Reconstruction and Supply; we have the Minister of National Revenue, and we have my hon. friend who is the guiding hand in the ministry of transport.

Mr. CHEVRIER: I am afraid I shall have to interrupt my hon. friend again. The Minister of Transport has no jurisdiction over radio. The hon. gentleman has been told at the last session and at this session that, by virtue of the Assignment of Duties Act, radio, meteorological services and air services are under the jurisdiction of the Minister of Reconstruction and Supply.

Mr. ROSS (St. Paul's): I thought I would get that reply from the hon. gentleman. It is the same old story of passing the buck from one minister to the other.

Mr. CHEVRIER: I object to that sort of language from the hon. gentleman. There is no question of passing the buck. The act is quite clear, and a copy of the order in council was placed on *Hansard* several years ago when that was done. I object to the hon. gentleman discussing radio on my estimates.

Mr. ROSS (St. Paul's): If I cannot discuss radio on the minister's estimates, what I can discuss is this, Mr. Chairman. The act is not clear; it does not say all that. When are we going to get down to brass tacks in connection with radio so that we shall know exactly where we stand? I have been wanting to discuss the question of economy, and I thought I might have an opportunity tonight but I imagine I am going to be ruled out of order because the minister—

Mr. CHEVRIER: My hon. friend can discuss economy all he wants on my estimates, but I would ask him to deal with the estimate now before the committee.

Mr. ROSS (St. Paul's): As a member of the house I have the right to express my own opinion. Where are we in connection with radio? The minister tells me that the act is clear. Which act?

The ACTING CHAIRMAN (Mr. Golding): The item under consideration is 391, departmental administration. It has nothing to do with radio.

Mr. ROSS (St. Paul's): The item is departmental administration, but it is very difficult for the members of the house to know just which minister is responsible for radio. We have the Minister of Reconstruction, the Minister of National Revenue and the Minister of Transport, each with his little hand into radio.

The ACTING CHAIRMAN (Mr. Golding): Order. This item has nothing to do with radio, and I would ask the hon. member to keep to the item under consideration. The discussion must be relevant to the item.

Mr. ROSS (St. Paul's): It will be quite relevant, Mr. Chairman. These are the estimates of the Minister of Transport. That is right, is it not? You agree with me, Mr. Chairman. Now just follow the items under Transport down until you come to item 440 and you will see the heading, "Radio Division," and four items under that heading coming in the estimates of the Department of Transport, which is the department we are discussing at the present time. It does not make any difference to me who the minister is. My point is that these radio items are in the estimates of the Department of Transport, and I submit therefore, Mr. Chairman, that you cannot prevent me from discussing the question on the estimates of the Department of Transport. I am not discussing the estimates of the minister. He is just a secondary consideration so far as I am concerned in connection with this matter. If he does not know it, it is too bad. It is true that the item before us is for departmental administration, but I direct your attention, Mr. Chairman, to item 444 under the heading "Radio Division." That is an estimate which comes under the Department of Transport, and therefore I submit that I am quite within my rights.

The ACTING CHAIRMAN (Mr. Golding): Order. I hope the hon. member will not insist on discussing radio on this item.

Mr. ROSS (St. Paul's): These radio items are in the estimates of the Department of Transport.

The ACTING CHAIRMAN (Mr. Golding): Order. The hon. gentleman will have an opportunity of discussing radio when the minister who is responsible for that comes before the committee, but this is not the time to discuss that subject.

Mr. ROSS (St. Paul's): These are the estimates we are discussing, a total of $29,135,695 for the Department of Transport. I am not discussing any minister's estimate. What ministers are interested in this does not make any difference to me. But this is the Department of Transport, and I am going to insist on my rights. I have before me now the Department of Transport estimates; I have something to say about this matter, and I think it is only right that what I have to say on the question of administration, and what I consider bad administration, should be discussed under this item. I do not know why I cannot discuss bad administration.

Mr. FULTON: One cannot discuss anything else.

Mr. CHEVRIER: On the point of order, the hon. gentleman refers to his rights, and I have certain rights, too. One of them is to point out that radio is not under my jurisdiction.

Mr. ROSS (St. Paul's): Why put it under Transport, then?

Mr. CHEVRIER: If my hon. friend wants to discuss radio he can do so under item 443, "Issue of radio receiving licences", which will be followed immediately after my estimates by those of my colleague the Minister of Reconstruction and Supply. I have risen on a point or order, and I ask you, Mr. Chairman, to make a ruling so that we shall make some headway on this matter, which appears to me to be quite clear.

Mr. ROSS (St. Paul's): Just a minute, Mr. Chairman, before you give any ruling. There are certain ministers concerned in connection with the estimates we have before us. It is all very well for the Minister of Transport to say that these are not his estimates. What we should have right now in this chamber is the other ministers, because this is a question of administration under the Department of Transport, and I am entitled, as a member of this house and in the exercise of my rights as a member, to discuss any item which is here right under the department's estimates.

Mr. CHEVRIER: What about your obligations as a member of parliament? It is about time you talked to us about them.

Mr. ROSS (St. Paul's): I am trying to talk about them at the present time, and I am also trying to inform the taxpayers of Canada about some of the extravagances which are being committed by this government.

[Mr. Golding.]

The ACTING CHAIRMAN (Mr. Golding): I ask the hon. member kindly to refrain from discussing radio. The minister responsible for radio is not in his seat at the moment. The hon. member will have an opportunity to discuss the subject fully later on. It is not under this vote.

Mr. FOURNIER (Hull): Read above item 429, and you will see the whole story.

The ACTING CHAIRMAN (Mr. Golding): I am sure the hon. member will cooperate and not persist in discussing this matter when there is no minister here to deal with it.

Mr. ROSS (St. Paul's): I am awfully sorry, Mr. Chairman, but if the various ministers want to have their estimates discussed in some different form they should not put them in here under Transport. I do not know which ministers are concerned; apparently there are three or four; but the point is that I, as a member of this house, have a right to discuss any item which is shown here at the present time under Transport. That is all there is to it.

An hon. MEMBER: Carried.

Mr. ROSS (St. Paul's): It is not carried. I again point out that I am within my rights in discussing anything as far as the Department of Transport is concerned.

Mr. FOURNIER (Hull): The hon. member is wrong. If he will read what appears above item 429 he will see that it comes under reconstruction.

Mr. ROSS (St. Paul's): I see it printed there clearly. It is under administration, is it not?

Mr. FOURNIER (Hull): No.

Mr. ROSS (St. Paul's): Then will the hon. gentleman tell me just where administration as far as radio is concerned is to be found?

Mr. FOURNIER (Hull): Certainly; it starts at item 429, and the hon. member will see that it comes under the Department of Reconstruction.

Mr. QUELCH: When the hon. member for North Battleford spoke, he stated he had the misfortune to have two unfinished branch lines in his constituency. I have the misfortune to have five. However, there are just two of these that I am concerned with. There is the line from Scapa to Hemaruka and the line from Bulwark to Airways and Bodo. In the line from Scapa to Hemaruka there is a gap of twenty-four miles from Spondin to Hemaruka which has never been ballasted.

Steels were laid, and in the early days a number of freight trains were run. But the right of way was never fenced, and therefore the trainmen had to stop and open and shut the gates every time they went through a farmer's land. These trains ran for a number of years, and there is a strong feeling throughout that area that that gap of twenty-four miles should be ballasted. I realize that it would cost a good deal of money to complete it. I drew this matter to the minister's attention some months ago when I received a petition from residents in that area. I pointed out to the minister at that time that, while it might have been uneconomic in the past to run trains through that district, I believe the whole picture is changing, because the Red Deer diversion scheme is being put through, and if the land is irrigated, no doubt the amount of business will be increased considerably. This year the government has appropriated $115,000 to check the engineering details of the Red Deer diversion scheme, and the Minister of Agriculture stated in the house this year that in all probability tenders would be let and the scheme would be proceeded with. Business will then increase and there will be a real need for this line to be completed. Of course this line is on the Canadian National Railways.

The other line is one from Bulwark to Airways and Bodo. There is no break between Airways and Bodo, and the amount of business has increased in that area considerably during the past few years. This matter I also brought to the attention of the minister along with the hon. member for Battle River and the hon. member for Camrose, and a petition was presented by me from these people. Can the minister give us any information as to whether the picture as far as the Scapa-Hemaruka line has changed since last year?

Mr. CHEVRIER: I am afraid I cannot give the hon. member much information with reference to the Scapa-Hemaruka line, because, while I remember the representations that were made by himself and, I think, one or two of his colleagues at the time, what I did was to ask for a report on it, but I have not obtained one from the railways. With reference to the Bulwark-Airways line, that is a line which is some 26·9 miles in length; it serves an agricultural country, and some work was done on it under the 1929-32 branch line construction programme. But, as the hon. gentleman knows, there is no such programme before the house, and I am not in a position to tell him whether there will be one in the future, certainly not in the immediate future. But at the time that a survey was made of the Bulwark-Airways line it was thought that, in view of the expenditure required to complete the gap, the railway would not be justified in completing the line. I do not know the date of this survey, but I think it was 1945. There may be some change in the position since then. I should be glad to explore it and tell my hon. friend what the result is.

Mr. QUELCH: I should like the minister to do that, because there has been quite an improvement in that area in the past few years.

Mr. CAMPBELL: Last session this question of unfinished branch lines was discussed, and I am sorry that I was not in the house this evening when the minister made a statement in connection with the Heinsburg-Frenchman Butte line. This is the second session now that these matters have been brought to the attention of the house and the question has been considered of lines being started and never finished. We have to remember that when these lines are started they are started with the idea of bringing in settlers, and those settlers go there under the promise that they will have railway service. It seems to me that the railways have a responsibility. The situation is this. The line which has been referred to by the hon. member for Maple Creek is a Canadian Pacific branch line and we have no jurisdiction over the Canadian Pacific Railway Company, but we can understand that the Canadian Pacific Railway Company, not being a publicly owned organization, is not likely to build branch lines unless it can see a profit in them. But that railway does do something else. It goes into districts where we have our own Canadian National line, and I am sure they have even built these branch lines with the idea of robbing our own system. I am perfectly sure they do that even though they will lose money on it.

Last session and the session before, and in fact since 1928, these two branch lines that were discussed by the hon. member for North Battleford were started, and a promise was given the people there. These people have been doing that long haul all these years, not only having to haul produce long distances but having to pay a high backhaul, an extra charge they should not have to pay. We shall soon have to have a showdown in this country on the question of a national railway policy. There must be a solution to the railway problem and we must answer the question whether we are going to give our people the service they require. It is the duty of the government to see that the people are serviced by railways and the only solution is to have one railway system. If we had just one railway system we would do away

with a tremendous amount of duplication. In some cases where the branch line might not quite balance, but might nearly do so, that line would be more likely to be completed. As it is, however, under the present system, with one private line having been allowed by past governments to build branch lines to rob our own national system, the situation is absolutely wrong, and I want the minister to answer this question. How does a private railway in Canada obtain franchises to go in and cut in on the business that should really go to our own railway?

Mr. CHEVRIER: On the subject of the Heinsburg-Frenchman Butte line, I dealt with that in answer to another hon. member and I do not think I can be expected to deal with it again.

With reference to the second part of my hon. friend's remarks, the Canadian Pacific Railway Company obtains charters to build branch lines in the same manner as the Canadian National. It comes to parliament for them; the matter is referred to a committee, and parliament approves or disapproves. Any lines which the Canadian Pacific Railway Company has obtained were obtained in that manner.

The Railway Act contains a provision covering the subject, and whether or not there is competition between the two railways, the fact is that an act was passed some years ago, the Canadian National-Canadian Pacific Railway Act, in which it was certainly the intention of parliament that the two railways should cooperate. They have done so to a large extent on the Northern Alberta railways and in certain hotels, and I believe there has been a disposition on the part of the railways to meet the requirements of that act and to cooperate under its provisions.

Mr. CAMPBELL: But they are not finishing branch lines.

Mr. CHEVRIER: As I told the hon. member for Maple Creek, there is little that I as Minister of Transport can do to direct or force them to complete the lines.

Mr. CAMPBELL: That is a situation that I would correct by nationalizing all the lines in Canada.

Mr. HAZEN: Under the heading "canal service", the estimates contain five items providing for an expenditure of $3,024,200 for the administration, maintenance and improvement of canals. There are no canals in New Brunswick, and consequently I do not believe that any part of this amount will be spent in New Brunswick or, in fact, in any part of the maritime provinces. Although there are no canals in New Brunswick or in the maritimes, or almost none, it does not follow that there should not be a canal. A canal is needed to connect Northumberland strait with the bay of Fundy, and it should be built if, taking a long range view of the situation, it would be economically practical to build it.

This canal would cross the narrow, sandy, low-lying strip of land known as the isthmus of Chignecto, which is something less than twenty miles wide. There are three possible routes that have been suggested, none of which would involve any large amount of rock cutting or other expensive work. Each of the three proposed routes makes use of the northern or Northumberland strait end of the Tignish river, which flows into Baie Verte. At the southern or Bay of Fundy end, there are three existing channels at the present time, the Aulac river, Missaquash river and La Planche river, any one of which could be connected with the Tignish. This canal, I am informed, was promised the people of New Brunswick and Nova Scotia at the time of confederation. The first paragraph of an editorial that appeared in the *Telegraph-Journal* of Saint John of November 27, last year, reads:

> The pledge that a canal would be cut across the isthmus of Chignecto was one of the inducements which led the Atlantic provinces into confederation. Had it been kept, our economic story would have been different and happier. The advantages of cheap water transportation would have encouraged the development of our natural resources and given this region a larger and more prosperous population. But the province has been scandalously ignored and scorned by successive generations of politicians—to the great disadvantage of our trade and commerce.

The canal, if built, would cut down shipping distances between the St. Lawrence river and the eastern coast ports along the bay of Fundy and the United States. At present, to get from the bay of Fundy to Northumberland strait or any port on the gulf of St. Lawrence by water, it is necessary to travel around almost the whole coast or a great part of the coast of Nova Scotia via the gulf of Canso. A water trip from Saint John to Shediac in New Brunswick now covers a distance of about six hundred miles. The same trip through the proposed canal would be little more than one hundred miles in length, or a saving of five hundred miles. The distance between Saint John and Charlottetown, Prince Edward Island, would be cut down from 609 miles to 179 miles, or a saving of 430 miles; the distance from Saint John to Campobello, from 830 miles to about 400 miles; from Saint John to Montreal, from 1,323 miles to about 945 miles. Savings

would be made on all trips by water from any St. Lawrence or great lakes port to any city on the eastern coast of the maritimes or the United States to South America.

Mr. ISNOR: Would the hon. member give us the saving that would be made from Montreal to Halifax?

Mr. HAZEN: From Montreal to Halifax? I am speaking of from Saint John to Montreal. The present distance is 1,323 miles.

Mr. ISNOR: The hon. member said any port on the Atlantic.

Mr. HAZEN: I said the distance from Saint John to Montreal by water is 1,323 miles. If the canal were built the distance would be 945 miles.

Mr. ISNOR: What is the saving to Halifax?

Mr. HAZEN: I cannot tell the hon. member that. I doubt whether there would be much.

Mr. ISNOR: The hon. member ought to stick to the facts.

Mr. HAZEN: I am sticking to the facts.

No public work will assist in developing our resources in this part of Canada more than the Chignecto canal; no public work would create more jobs during the construction period or, I believe, for all time.

Surveys of the proposed canal have been made from time to time; at least half a dozen have been made, and I have read that in each case it was reported that the project was worthy of being carried through, though perhaps not immediately. The effect of the report of the commission, which was held in 1931, was that the expense could not be justified during the depression. Perhaps we now have a change of view as to what we should do during depression times. The people of the maritimes, particularly of New Brunswick, would like to see this work started. It would create new industries; it would provide new jobs; it would make the maritimes more prosperous. To quote again from the article in the *Telegraph-Journal* to which I referred a moment ago:

> Nothing would develop our resources more in this part of Canada than the Chignecto canal; nothing would create more jobs, both through the construction period and for all time.

Since the last session of parliament have any further steps been taken by the government to inquire into the possibilities of undertaking this work?

Mr. CHEVRIER: The hon. member has referred to a question which is of a perennial nature. I think that every time the estimates of the Minister of Transport are up there is a demand for the building of the Chignecto canal. There have been a number of surveys and reports made on the project, some of them dating as far back at 1822. The last one was made in 1931. Since I expected that there would be a question or a more or less lengthy debate on this matter, I brought the last report with me which was made in 1931, as I said before, by Arthur Surveyer, David W. Robb and John F. Sowards. The conclusion may be summarized briefly as follows, that from the point of view of the local economic advantage the commission failed to see what benefit it would be to the districts concerned to provide, at such great cost, a navigation facility which would intensify competition in the locality served rather than lessen it. The commission also found that the canal would have no bearing whatever upon the Canada-West Indies trade. The gravamen of the report can be found in this statement:

> Having regard to transport facilities already available in the maritime area as a whole, we cannot see where any interest would suffer were the Chignecto canal project to be permitted to stand in abeyance until it can be further examined in the light of future developments in Canada's economic situation.

I can say to the hon. gentleman that, since the matter was brought up in the house last year, there have been no further submissions or reports on it. It may or may not come within the reconstruction programme. My hon. friend knows there are certain projects which have been recommended to the Department of Reconstruction. I am not aware that this one has.

Mr. MACDONNELL (Muskoka-Ontario): Just in case there is anyone else in the committee who is as ignorant as I am, I should like to ask the minister if he would tell us briefly and informally exactly what the board of transport commissioners and the staff do. I shall explain my ignorance by saying that I have a good idea of what the old board of railway commissioners did, because they were constantly hearing applications regarding the construction of new lines of railway. This was in the days when railway building was active. I confess I know nothing about the board of transport commissioners. If anyone asked me to say how they spent their time between nine o'clock in the morning and five o'clock in the afternoon I would have very little idea. I should be interested to know. Perhaps the minister can tell us briefly.

Mr. CHEVRIER: I shall be glad to tell my hon. friend what the board of transport commissioners do, how they operate and how their time is taken up. The board of transport commissioners is constituted under the Railway Act. The original act of 1903 gave them jurisdiction over certain railways in this country. The powers which they had at that time were fairly limited. Since that time, their jurisdiction has been greatly extended. It has been extended to cover such things as railways, telegraphs, telephones, ships and other matters. The mileage which now comes under their jurisdiction is 41,425 as compared with 19,610, when they came into being.

Since the establishment of the board, its jurisdiction has been extended to cover the following matters: express tolls; telephone companies; telegraph companies; international bridges and tunnels; Maritime Freight Rates Act; abandonment of portion of railway lines; Canadian National-Canadian Pacific Act; certain agreements; purchase of electrical energy from persons who have acquired water power under lease from the crown, and the railway grade crossing fund.

Mr. MACDONNELL (Muskoka-Ontario): Thank you for that.

Mr. CHEVRIER: I could go on for some time.

Mr. MACDONNELL (Muskoka-Ontario): That is quite satisfactory. Will the minister give me one or two illustrations of the way in which the thing operates? I notice here a director of traffic. I am anxious to know just how it operates. We have the railways and the board with jurisdiction over them. Will the minister make clear the various things which come under the board? When you speak of a director of traffic, does that mean that there are certain questions or principles of traffic that the board controls, or do they have traffic questions, or is it a question of traffic, of tolls, of rates which they determine? Will the minister just say a word or two about that, and while he is on his feet, perhaps he would explain what the signal engineer does.

The ACTING CHAIRMAN (Mr. Golding): We are on item 391.

Mr. MACDONNELL (Muskoka-Ontario): I hope this has to do with the question of administration.

Mr. CHEVRIER: The detail might well be discussed under the specific item, but on the general information which my hon. friend wanted I believe I have given him a satisfactory answer. On the subject of traffic, traffic is a fairly busy part of the commission's operations. That board hands down judgments, renders decisions and makes general orders and regulations which appear in semi-monthly bulletins published through the king's printer. It has to do with freight tariffs, passenger tariffs, express tariffs, telephone tariffs, sleeping and parlour car tariffs, telegraph and radio tariffs, bridge tolls, water freight tariffs, water passenger tariffs and agreed charges.

In the report I tabled earlier in the session —and perhaps the hon. member has not had a chance to read it; I am sure he cannot read everything that is tabled in the house—it will be found that in the traffic operations of the board of transport commissioners there were no less than 44,920 tariff matters handled by the traffic division of that body.

Mr. MACDONNELL (Muskoka-Ontario): The hon. member for The Battlefords mentioned the matter of the propriety of building certain lines of railways. For instance, this morning we were considering a new line. Would the building of that line of railway be considered by the board of transport commissioners?

Mr. CHEVRIER: No, not until after the line is built. After it is built it automatically comes under their jurisdiction. I presume my hon. friend has in mind the rates on pulp which we were discussing this morning. I was going to say that after the line has been built the railway must file its rates with the board. If it is not a satisfactory rate to the shippers there can be objection to it.

Mr. MACDONNELL (Muskoka-Ontario): I hope this will be my last question, but this does interest me. Is it not right to say that the old railway board had as one of its chief functions the duty of determining whether such-and-such a line should be built. Assuming that is right—and I suggest it is—I suggest to the minister that it might appear from the description that the minister has given of the powers of the board that, with their knowledge of the railway situation in Canada, they ought to be able to arrive at a better judgment than any other body as to whether or not such-and-such a line is needed. Is that a fair observation? If so, could that matter be considered, namely as to whether it would not be the proper and natural body to consider such matters, in the early stages?

Mr. CHEVRIER: The board of transport commissioners have jurisdiction over the abandonment of lines. As I said to the hon. member, they do not function until a line has been built.

Mr. MACDONNELL (Muskoka-Ontario): But might they not?

Mr. CHEVRIER: I suppose consideration could be given to that. But as the matter now stands, and as the Railway Act now functions, they have not that right.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister give consideration to that?

Mr. CHEVRIER: Yes.

Mr. JAQUES: May I call the minister's attention to the poor train service on the Canadian National Railways between Calgary and Edmonton? That line has operated since 1911, and runs through one of the finest farming districts in western Canada. There used to be a daily service—I am not so sure that there were not two trains each day—but for a number of years now there has been only a train every other day. That is poor service. It is curious to note that the Canadian Pacific Railway Company runs three trains each day, including Sundays, between Calgary and Edmonton, through Red Deer.

The Canadian National Railways, running between Calgary and Edmonton, through Camrose and Mirror, has only one train every other day, which works a great hardship upon the people in that area. For instance, if they want to go to Edmonton and wish to travel on a Tuesday they would not arrive until late in the evening, and would have either to come home early the next morning, preventing their doing any business, or wait until the Friday before returning. This means a stay of two days in Edmonton or Calgary, as the case may be.

There are many complaints about this and I would ask the minister to look into the matter. It is a very poor service, and there is no reason for it that I can see. It is one of the best farming districts in western Canada.

Comparison was made this evening between the Canadian National Railways and the Canadian Pacific railway. I can say only this, that if you ever travelled over those two lines you would decide that the Canadian National Railways service between Calgary and Edmonton is a poor advertisement for public ownership of railways.

Mr. CHEVRIER: I am pleased to have these representations from the hon. member. This is the first complaint made to me personally respecting the service between Calgary and Edmonton. I shall be glad to bring it to the attention of the Canadian National Railways officials.

Mr. ARGUE: I should like to refer to the fences along the Canadian Pacific railway right of way south of Assiniboia, Saskatchewan, from Lisieux to Rockglen and west to Killdeer. I have considerable information here on my desk, among which is a letter from Peter Lode of Lisieux. I thought I might read from it those parts which set out clearly the point in question. Mr. Lode had one of his cattle beasts killed on the Canadian Pacific railway tracks. His letter states that the fences were down, that the railway company was not maintaining those fences as they should be maintained, and that for that reason the steer got on the tracks. His letter states in part:

> I asked the board of transport commissioners to send an inspector out here to inspect the dilapidated fence and gates on the C.P.R. from Lisieux to Killdeer. On September 18, 1945, engineer Mr. Parks, members of the B.T.C. and three C.P.R. officials, assistant superintendent Mr. Jones of Moose Jaw, engineer Mr. Clarke of Moose Jaw, and road boss Mr. Ironrud of Assiniboia . . .

He states he followed them along the railroad track when they were making the inspection. Apparently following that they made a report to the board of transport commissioners, a copy of which was sent to Mr. Lode. In that connection Mr. Lode said this:

> When I received the report from the B.T.C. I showed the report to my neighbours. They were all flabbergasted, so my neighbours suggested we take pictures of the fence and gates. Mr. Spagrud, Mr. Bjorenson and myself live between mile posts 3 and 6 along the Killdeer branch.

Then he goes on to say that they took a number of pictures. In his letter he says he has a complaint to register against the board of transport commissioners, because they should protect individuals to see that they do not suffer loss on account of neglect on the part of the railway company.

I have here a petition, not in required form, for tabling, but the recital of which states this:

> We the undersigned residents of the above districts, hereby make the following statement:
> That to our personal knowledge and experience, we say, that the C.P.R. right of way fences from the townsite of Lisieux, to Rockglen, and from Rockglen west to Killdeer, are not kept in proper repair, and that live stock can, and does get through in and on to the tracks and that we have been forced at different times to repair the C.P.R. fences ourselves, in order to keep our cattle and horses from entering on to the C.P.R. railway tracks.

This particular statement is signed by eleven people living around Lisieux. I also have sixteen snapshots here which show the fences down along the Canadian Pacific railway right of way, and I shall send them across to the minister so that he may look at them.

I think he can agree that the fence along that particular part of the railroad has not been kept in proper repair.

Mr. CASTLEDEN: Could the minister give us an explanation of the general policy of the Department of Transport with regard to the acquisition and disposal of airports throughout Canada?

Mr. CHEVRIER: That is a matter for the Minister of Reconstruction and Supply who has jurisdiction over air services and airports.

Mr. ARGUE: Will the minister say that he will look into this matter of fences along the Canadian Pacific right of way from Lisieux to Rockglen?

Mr. CHEVRIER: I must give the same reply to my hon. friend that I gave to the hon. member for Swift Current. The Department of Transport has no jurisdiction over the Canadian Pacific Railway Company, which is a private corporation. The hon. gentleman will have to make representations to that company. I shall be glad to refer his remarks to the president of that company. If it is a matter that has to do with the board of transport commissioners, any individual in that area can make a complaint to the board and get a hearing.

Item agreed to.

Administration of the Transport Act—
392. Board of Transport Commissioners for Canada—administration, maintenance and operation, $329,940.

Mr. McLURE: This afternoon, when the hon. member for Colchester-Hants was speaking, he said that he was not going to deal with freight rates. Quite a smile lit up the face of the minister. I hope that when I announce my subject that smile will broaden. I want to make a few remarks with reference to the board of transport commissioners and their administration of transportation rates in Prince Edward Island. I want to bring this to the attention of the committee and the minister.

As hon. members know, it has always been difficult for me to put my questions and to have them answered, and I find it still harder to get them implemented. However, I was sent here by the constituency of Queens to put our problems before the minister and before this committee. The problem that I intend to deal with in connection with the board of transport commissioners is in reference to truck rates, et cetera, on our ferry. There has been a continuous fight over this matter for some time. Our motto is *parva sub ingenti,* the small under the great, and we must keep up that fight for our rights. Because of our geographical position, I sometimes think our province does not get its rights as compared with the other provinces of Canada.

When we have to fight so hard for these I am reminded of a slogan which was coined by a farmer and afterwards borrowed by one of the great writers. This farmer was watching a bulldog pup in deadly combat with a great Dane dog. Finally the bulldog pup triumphed and then the farmer coined this saying: "It isn't the size of the dog in the fight that counts, but the size of the fight in the dog that wins." We must live up to that motto of ours, *parva sub ingenti.*

On July 8—and this brings me to my subject—I asked a question with reference to transportation. I directed this question to the Prime Minister and the Minister of Transport. The Prime Minister passed the question on to the Minister of Transport. My question was:

> Under what or by whose authority is the board of transport commissioners to hold a meeting in Charlottetown, Prince Edward Island, on July 17 next, regarding truck freight rates on the Borden-Tormentine ferry?

The Minister of Transport replied as follows:

> . . . any individual or group of individuals may make application to the board of transport commissioners to have rates revised.

The minister promised to give a more definite answer later on. At that time I protested at the holding of a transport board meeting in Charlottetown. The Speaker would not allow me to debate the subject or even to give my reasons for protesting, so that I now take this opportunity to do so. The Speaker ruled me out of order on that day, but on the following day the minister made this statement:

> Mr. Speaker, yesterday the hon. member for Queens (Mr. McLure) asked the following question:
>
> Under what or by whose authority is the board of transport commissioners to hold a meeting in Charlottetown, Prince Edward Island, on July 17 next, regarding truck freight rates on the Borden-Tormentine ferry?
>
> The authority is that contained in sections 33 and 325 of the Railway Act. The complaint has been lodged by the board of trade for the town of Summerside.

I still say, as I have said time and time before in this house, that that is not a correct answer. I should like to refer briefly to *Hansard* of December 17, 1945, at pages 3685 and 3686. I shall not read it all, but I should like to refer to the points dealing directly with this question. I quote:

> Why should they—

Meaning the Canadian National Railways.

—make rates over a ferry owned by the government? I want the Minister of Transport to set the rates himself.

Mr. Chevrier: The Minister of Transport cannot set the rate.

Mr. McLure: Does the minister tell this committee that he has no authority over rates?

Mr. Chevrier: I said that the minister could not set the rate.

Mr. McLure: Does the minister mean by that, that the government cannot set the rate?

Mr. Chevrier: I will explain what I mean when I answer the hon. gentleman.

And later on:

Mr. Chevrier: My hon. friend is of the opinion that the Minister of Transport should eliminate what he calls these prohibitive rates. I say to him that the minister has no authority to do that.

Mr. McLure: With reference to these rates, I understood the minister to say that the commission set these rates, and that he as minister of the Department of Transport did not have the authority to fix the rates.

Let me refer now to the protest I made on July 8 and my reasons for same. First, it is not within the jurisdiction of the board of transport commissioners to determine whether or not there has been a fulfilment of the terms of confederation between Prince Edward Island and the dominion as entered into in 1873. Second, under the British North America Act the dominion parliament and it alone, through its Minister of Transport of the government, has the exclusive authority over all matters such as rates, freight rates, et cetera, on ferries between a province and any British or foreign country, or between any two provinces (see section 91 subsection 13 of the British North America Act). On the two mentioned points I made my protest but did not get it on the record at that time.

Under these two points what could the board of transport commissioners do about setting or revising rates when they went to Charlottetown? It was and is entirely outside the jurisdiction of the board of transport. The ferries must be treated as national highways under the pact of 1873.

Furthermore, there is nothing in the Railway Act which gives the board of transport commissioners the jurisdiction to determine rates, charges, et cetera, on an interprovincial ferry which the railway does not own, does not charter, or does not maintain. I want to emphasize that—which the railway does not own, does not charter, or does not maintain.

Before submitting further proof for my protest, let me again quote the transportation terms of 1873 between my province and the dominion. The dominion gave a guarantee to Prince Edward Island—and here is the guarantee:

To assume and defray all the charges for efficient steam service for the conveyance of mails and passengers to be established and maintained between the island and the mainland of the dominion, winter and summer, et cetera.

And further:

Such other charges as may be incident to, and connected with the services which by the British North America Act, 1867, appertain to the general government, and as are or may be allowed to other provinces.

Let me further endeavour to convince the Minister of Transport that he is the man with the power, or I might say to him as regards ourselves that he is the "Ingenti".

The board of transport commissioners held their hearings in Charlottetown on July 17 and 18 last and may have reported to the minister. I do not know. But I have seen a full report of their hearings.

Mr. CHEVRIER: I may tell my hon. friend that I have not.

Mr. McLURE: I can supply the minister with a verbatim report.

Mr. CHEVRIER: I shall be glad to see it.

Mr. McLURE: Evidently my protest of their jurisdiction came before the meeting, either directly or indirectly, and how did they consider it? Here is what they said with regard to it. Mr. A. K. Dysart, Montreal, was legal counsel representing the Canadian National Railways, and here is what he said under examination:

This matter (the terms of confederation) was an issue between the province and the dominion over which the transport commission had no jurisdiction.

Chief Commissioner J. A. Cross, K.C., agreed with the legal counsel Mr. Dysart, and here is what he said.:

There seems to be a good deal involved outside of our sphere. So far as we are concerned, we are going to confine ourselves to our own jurisdiction under the Railway Act, possibly supplemented by the Maritime Freight Rates Act.

Further on in the evidence at the hearings, the legal counsel for the Canadian National Railways, Mr. Dysart, said, and I want the minister to notice this point:

The fixing of rates was the prerogative of the government or the parliament of Canada.

The report further states that Chief Commissioner J. A. Cross, K.C., congratulated Mr. Dysart, so that he must have agreed with his remarks.

The Minister of Transport I believe must realize from the evidence submitted that both the legal counsel, Mr. Dysart and the Chief Commissioner Mr. Cross, K.C., were in doubt

about their jurisdiction in acting for a subcontractor of the ferries, when they said "they were acting under the Railway Act, possibly supplemented by the Maritime Freight Rates Act." Note those words, Mr. Chairman—"possibly supplemented by the Maritime Freight Rates Act."

It was indeed regrettable that a group of individuals brought this matter up, because they had no authority to speak for the province or to negotiate terms with the subcontractors' board of commissioners for the province.

Without emphasizing those facts any further, it is now up to the Prince Edward Island government, when the board of transport commissioners report after having taken the whole matter under advisement—whoever they are going to report to I do not know—to pay no attention to the report but immediately to take the matter up with the government at Ottawa, parliament and the Minister of Transport, because he and he alone can settle these rates for us and give us justice with regard to the rates.

Mr. CHEVRIER: That is not what the hon. gentleman was saying. He says that the power lies with the government. He is now destroying his own argument.

Mr. McLURE: The power lies with the government and parliament through the Minister of Transport.

Mr. CHEVRIER: Does the hon. gentleman not think we had better await the judgment of the commission before deciding the case?

Mr. McLURE: I am reading from the evidence, just giving the facts.

Mr. CHEVRIER: They have not handed down their judgment yet.

Mr. McLURE: I am quoting what they said to prove that the power was vested in the parliament of Canada.

Mr. CHEVRIER: That is not in the Minister of Transport.

Mr. McLURE: If it is vested in parliament it must come under the cabinet and under some cabinet minister, and the only cabinet minister it could come under is the Minister of Transport.

In closing, I wish to say that I think the minister should take this matter up, and then I am sure he will convince himself, if I am unable to convince him, that parliament and the cabinet and the Minister of Transport have the power, or the Minister of Transport alone has the power to settle this question over which we have so long argued.

Item agreed to.

[Mr. McLure.]

Canals service—

396. To provide for expenses in connection with St. Lawrence ship canal surveys and investigations, $5,000.

Mr. McLURE: I have no objection to this item for the St. Lawrence ship canal, but what I want to ask the minister is whether this is a deficit on the canals, or do they operate at a profit?

Mr. CHEVRIER: What item is the hon. gentleman talking of? Item 396 is the St. Lawrence ship canal surveys, and that is the item he is on.

Mr. McLURE: What I was going to ask the minister was, how is it that item 469 comes under "deficits" and canals do not?

Mr. CHEVRIER: Well, this vote for item 393 has to do with the administration. It is not a deficit vote; it is for payment of salaries and the like; and the item having to do with operation and maintenance is not a deficit vote, because it has to do with salaries for the employees of the canals all across Canada. There are canals to the extent of some five hundred miles. For that very reason it would not be a deficit vote.

Mr. McLURE: Then let me ask another question. The reason I referred to it was that, when you come to item 469, which will be reached after a while, for the very same reason it is marked "deficits". How is that?

Mr. CHEVRIER: Because it is an operation of the Canadian National Railways as agent for the government of Canada.

Mr. McLURE: And the other is operated by the government.

Mr. BLACK (Cumberland): The hon. member for St. John-Albert, I understand, made reference to the Chignecto canal and the necessity for completing that undertaking in the interests of the maritime provinces. I want to point out to the committee and to the minister that the people in the maritime provinces—in Nova Scotia, New Brunswick and Prince Edward Island—are intensely interested in the construction of this canal for transportation purposes and the possibilities for power purposes; and I should like the minister, out of the appropriation for canals, to see that some further inquiries are made as to the possibilities of building this canal. I understand that the last report on this undertaking was back in 1931. The people who have made an investigation of this report are not satisfied that a full and proper inquiry was made. I point out to the minister that it is important in the interests of the people directly concerned and in the interests of transportation in that part of Canada that

this canal be constructed. It affects the transportation of Prince Edward Island and Nova Scotia and New Brunswick. I will not delay the committee any more at this time, but I do not want the department to overlook the necessity of constructing this work.

Item agreed to.

Marine service—
401. Marine service steamers, including icebreakers—maintenance, operation and repairs, $1,760,000.

Mr. HAZEN: What did it cost to maintain and operate icebreakers in the St. Lawrence river to Montreal last year, and how many icebreakers were employed?

Mr. CHEVRIER: In the Montreal area two icebreakers alone were engaged, the steamer *Lapointe* and the steamer *Maclean.* The cost of operating these icebreakers was $236,300.

Item agreed to.

Marine service—
402. Construction, maintenance and supervision of aids to navigation, including salaries and allowances to lightkeepers, $2,562,330.

Mr. PEARKES: I am anxious to enlist the minister's interest in those employees of his who are engaged in a very lonely and, at times, hazardous occupation, namely the lighthouse keepers of our coasts and the personnel who charge the batteries of the different lights. If you are sailing by in a luxury yacht or in a C.P.R. steamer and perhaps wave to the lighthouse keeper's daughter, you are apt to say, "How attractive these red and white buildings look"; but if you land, and I speak as a result of personal visits on the Pacific coast, you will find that conditions in those houses are far from satisfactory. Repairs which, I presume, come under the Department of Public Works, but no doubt would be initiated by the minister's department, are long overdue. There is a story in nearly every case of leaking roofs, inadequate water and cramped conditions, and frequently there is also the story of antiquated equipment. I had occasion to draw to the minister's attention last March an accident which occurred to one of these lighthouse keepers by having to use a hand-starter for a 20-horsepower stationary diesel engine, and the minister promised at that time that he would look into the matter and see whether automatic starters could be provided for this equipment. Could the minister report now as to whether he is in a position to supply these automatic starters and whether something can be done to improve the lot of these servants of the government?

Mr. CHEVRIER: The position of lightkeepers has been enhanced considerably by the department. It is true that lightkeepers live in isolated areas, and the department has been trying to better their position, and has provided for an increase in their allowance. An order in council has been brought down, and a vote is contained in these estimates which will provide a certain amount of money, I think it is $25 a month, to the lightkeeper so as to assist in paying the wages of his assistant. We are doing something, too, with reference to leave, particularly for those who are in isolated spots. To-day practically every keeper on the west coast is getting leave. As regards the matter of more modern equipment to which my hon. friend has referred, I am informed by one of my officers here that the new equipment is actually in the field and should be in the hands of the lightkeepers before long.

Mr. HAZEN: I wish to thank the minister for the information that it cost $230,000 to maintain the icebreakers. Can he tell me how much sooner navigation is opened on the St. Lawrence by reason of the operation of the icebreakers? Has he any information about that?

Mr. CHEVRIER: The icebreaker performs a dual purpose. Not only has it to do with the opening of navigation, but it also provides protection from floods to people living on the south shore. Because of the advanced operation of these icebreakers in 1946 we were able to avoid a great deal of flooding on the south side of Montreal. So far as navigation is concerned, were it not for the work of the icebreakers, I believe navigation would open considerably later than it does each year.

Mr. HAZEN: Has the minister any figures in regard to time?

Mr. CHEVRIER: It is an average of two to three weeks.

Mr. ISNOR: May I ask the minister, in reference to icebreaking in the maritimes, whether a dollar has ever been spent in the last ten years in Halifax harbour?

Mr. CHEVRIER: The *Saurel,* which is an icebreaker, has been there all along.

Mr. ISNOR: But has there been any occasion when ice has been broken in the harbour? Will the minister please answer that? Does he know of any occasion when an icebreaker was ever required to break ice there?

Mr. CHEVRIER: Not in the harbour of Halifax, but I am informed that ice has been broken in the Bedford basin.

Mr. ISNOR: My question was with reference to the harbour. There has never been any icebreaking in the harbour?

Mr. CHEVRIER: No.

Mr. WINTERS: I wish to endorse wholeheartedly the remarks of the hon. member for Nanaimo. The lighthouse keepers should be given every consideration. It is true that in many cases they have to live in quarters that are little better than shacks, and when the hon. member from Nanaimo says that the rain beats through the roofs he is correct. That is the case in some lighthouses on the east coast. I would ask the minister to take into consideration the possibility of providing better communication facilities for lighthouses. In one instance I requested the department to provide a telephone, and they replied that it was not in accordance with the policy of the department to provide these facilities in cases such as that in question. In this modern age consideration should be given to a change in policy, if that is the only reason why telephone service cannot be supplied. Also in particular I would ask the minister whether the construction of the radio beacon at Cross island off Lunenburg harbour has been completed and whether or not an improvement requested for the light at the entrance to Liverpool harbour will be effected in the near future.

Mr. CHEVRIER: My hon. friend will realize that it is difficult to give detailed answers to questions with reference to specific lights, but on the general question of the position of lightkeepers, I may say that it is far better than it has been in the past. This vote contains $40,000 which will be given to lightkeepers and their assistants to improve their position. In the matter of communications, there are no less than 200 radio telephone sets being purchased by the department from War Assets Corporation for installation in these lighthouses. The hon. member has asked two questions having to do with particular lighthouses and I shall try to get the reply before the committee rises.

Mr. BLACK (Cumberland): I support the request of the hon. member for Queens-Lunenburg and the hon. member for Nanaimo. I would point out the necessity of further lighthouse provisions in the county of Cumberland, so far as Pugwash is concerned. What provision has been made for the replacement of range lights at Pugwash, destroyed during the war years and not yet restored? There is an emergency light placed there as a range light to guide ships coming into the port of Pugwash. It is one of the best of the outports in the maritime provinces, if not the best. The shipping and lumber interests use the port continuously. It is one of the safest in Canada; but it has been pointed out, both in this house and to the department, that it is necessary to do some dredging in order to take out some of the bends in the channel and also to make it somewhat deeper over the bar at the mouth of the harbour. At the present time ships are able to enter in perfect safety if they have a trained pilot and draw about twenty-one to twenty-two feet. This water can be deepened several feet at a minimum of expense, and the channel leading into the harbour is one of the best natural channels in all Canada. It can be straightened out at the minimum of cost. I realize that this work is not altogether in the minister's department, but by recommendations from him and from his officers I believe the Department of Public Works would be encouraged to undertake it. I understand that the responsibility for maintaining and rebuilding lighthouses does come under the minister, and I should like to have a statement from him as to what he proposes to do in order to restore this range light at Pugwash, which has been destroyed in the last few years.

Mr. CHEVRIER: I will get the answer.

Mr. STUART (Charlotte): I wish to speak briefly with reference to lighthouse keepers. The keeper in the town in which I live informed me a short time ago that during 1945 there was a deduction from his salary of, I believe, $15 a month—I will not be sure of the figure—for rent for living in the lighthouse building. That is a condition which has never existed in the past. I do not know where they would expect the lighthouse keeper to live. This man showed me the deduction from his salary, indicating that he had been charged rent for living in the building. That building is on a reef off the mainland about a mile or a mile and a quarter—

Mr. CHEVRIER: From where?

Mr. STUART (Charlotte): From the town of St. Andrews. It is called New Light or Navy Island bar, I will not say which, in the minister's records. This man's salary is between $1,100 and $1,200 a year. I submit that it is indefensible to charge this man rent for living in such a place, especially in view of the fact that in winter he cannot get ashore. He is there for days at a time when the weather is such that he finds it impossible to go ashore. This deduction has never been made in the past, and I would ask the minister why it was made in 1945.

Mr. CHEVRIER: Would my hon. friend be good enough to give me the details? My officer informs me that there is never any charge for rent. On the contrary, he is generally credited with rent.

Mr. STUART (Charlotte): The explanation I had from Mr. Doughty was that there had been a deduction. He showed me the deduction, though I will not say it was $15. I cannot remember the exact amount, but I know that he brought it to my attention, and it was the first time it had been deducted. He had been on the light for about fifteen or sixteen years. The charge has never been made before in all the years he has been there. I believe there is a younger man there this season.

Mr. MOORE: The Hudson Bay route association is interested in the use of that route, and I would ask the minister if it is the intention of the department to apply some of the newer navigational devices discovered during the war years with the possibility of extending the season of shipping in the Hudson bay district.

Mr. CHEVRIER: I can only supplement what I said in that connection on a previous occasion, that any new device or equipment that can better the position in the harbour at Churchill will be purchased by the Department of Transport; but even if that is purchased, I have some doubt, in fact I have great doubt whether it will lengthen the shipping season; as my hon. friend knows, it is a question of weather rather than a question of equipment.

Mr. KNOWLES: I should like to make a request of the minister. I realize it is a bit unusual, but I think it is reasonable. The hon. member for Vancouver East is tied up, as are other hon. members, in the industrial relations committee. He is most anxious to say something in connection with this item. We have sent a message to him. We had all we could do to get the message in, let alone get him out. Would the minister consider allowing this item to stand?

Mr. CHEVRIER: Why not pass the item? I shall not stop the hon. gentleman from making his comments on another item. The hon. gentleman spoke to me about the matter, and I told him that I should be glad to accommodate him.

Mr. KNOWLES: Will the Chairman permit it?

Mr. CHEVRIER: I give the undertaking now.

The CHAIRMAN: The Chairman is always guided by the wishes of the committee.

Item agreed to.

Marine service—
404. Maintenance and repairs to wharves, $5,000.

Mr. MacNICOL: Why is this item under the Department of Transport? Why did it not appear in the estimates of the Department of Public Works?

Mr. CHEVRIER: Because the sum of $5,000 has been awarded to the Department of Transport for small repairs. When a wharf is built it is done by the Department of Public Works, but sometimes there are small repairs not exceeding $50, and this item is for that purpose.

Item agreed to.

Marine service—
406. Administration of pilotage, including authority for temporary recoverable advances to certain pilotage districts, $167,770.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister say why pilotage is not self-sustaining? Why should there be a public grant for that? Why do not ships pay their own way, or is there something else to it?

Mr. CHEVRIER: This item is for the administration of pilotage headquarters, district office expenses and the like.

Item agreed to.

Marine service—
407. Life saving service, including rewards for saving life, $44,430.

Mr. GRAYDON: I hesitate to hold up a good-natured committee at this time on a matter of life saving services, but this is a matter of profound interest to many people in Canada. Will the minister take a moment to put on the record how this money has been spent and what are the outstanding rewards for the saving of life which have been given during the last period that this estimate normally covers? It is a matter of great interest to the people of Canada; it is an item which I fancy this committee is more pleased to pass than most items that are before us. The committee would be grateful if the minister would give us all the information he has at this time.

Mr. CHEVRIER: I might tell the hon. gentleman that the appropriation of $44,430 provides for the maintenance of five life saving stations, two on the Atlantic and three on the Pacific, for rendering aid to vessels in distress and saving lives endangered by marine casualties and for rewards to many boat

crews for saving life on the high seas and territorial waters of Canada under conditions of great difficulty and danger and requiring the display of exceptional bravery. This sum is not always expended and I am informed that in 1946 no awards have been made. I had a statement for the 1945 estimates when we were discussing the item, but unfortunately it is not with me now.

Item agreed to.

Marine service—

411. Steamship inspection and the carrying out of the provisions of the conventions for the safety of life at sea and load lines, $255,280.

Mr. ARCHIBALD: Last winter representations were made to me by the boat owners of Prince Rupert, particularly the halibut fleet, with respect to the inspection service and the equipment which they must carry when they go to sea. It seems that the inspectors of the department demand on a halibut boat the same life saving equipment as is carried by a full-fledged lifeboat. This is not practical on a halibut boat. What they want is a dory. They should like the inspectors to permit them to carry a dory instead of a boat the size of a lifeboat.

Another thing about which there is a complaint is the three water-tight bulkheads on boats forty-five feet and over. The regulation is expressed in tonnage, but it works out roughly to a boat of that length. When you put in a forward bulkhead you have an airtight compartment and on a wooden boat rot sets in in a remarkably short period of time. They think the department should consult with such responsible people as the boat owners, so that something other than a watertight bulkhead could be put in which would give approximately the same safety measures. They object to this iron-clad rule. I myself have run into it. The result is that small yards, such as Maclean's of Prince Rupert, find it difficult to build boats over forty-five feet because of the demands made on them by the department. I think more consultation should be had with the small shipyards on this type of equipment. Something should be worked out that would be more flexible, so that these men could go ahead with the building of boats. The lifeboat equipment on these boats and the watertight bulkheads are definitely sore points with the halibut men.

Mr. CHEVRIER: I shall be glad to bring the remarks of my hon. friend to the attention of the steamship inspection board.

Mr. STUART (Charlotte): I wish to speak briefly on this matter of steamboat inspection. In January 1946, the *Robert Kann* was sunk near Grand Manan island with thirteen persons aboard. At that time there was a lot of criticism around Saint John and Charlotte county of the steamship inspection services. I have nothing to say so far as inspection is concerned; I know nothing about it. But I know the boat that was lost was an old boat in disrepair. There is no question in my mind that it should have been off the route long before that time. At the present time there is a boat there called the *Keith Kann,* and apparently it is in the same condition as the *Robert Kann.* I realize that during the war it was difficult to get boats of any kind for this service; but since the war is over and there seems to be plenty of boats available, I think the steamship inspection should be looked after carefully, because the night these thirteen persons perished off that island they left in a lifeboat sixteen feet long and went from the end of Grand Manan island to the Nova Scotia shore. The fact that the boat was only sixteen feet long is a pretty good indication that the craft which sank was in a poor condition. In view of that, I would suggest that they be much more careful in steamship inspection in future for fear the same thing might happen again.

Item agreed to.

Marine service—

413. River St. Lawrence ship channel—contract dredging in the St. Lawrence river and Montreal harbour, including cost of administration—capital, $992,780.

Mr. BLACK (Cumberland): What is the aggregate amount which has been expended up to date in connection with dredging of the St. Lawrence? This item provides for $992,780 for the current fiscal year and deals with the St. Lawrence ship canal.

Mr. CHEVRIER: I shall have to get the information for my hon. friend. I believe I can get it in the annual report, in a minute. It is a considerable amount.

Mr. BLACK (Cumberland): I do not wish to hold up the item, but I should like to have that information, because it runs into many millions of dollars. I will not deny the interests of the St. Lawrence route, but I wish again to point out how difficult it is for us to get even moderate expenditures to aid our navigation at the head of the bay of Fundy in the maritime provinces. I would contrast the difficulty we have in securing the drainage of our marshlands with these large appropriations made for improvements on the St. Lawrence. The people of the maritime provinces feel that very little consideration has been given to their interests, compared with

the comparatively enormous expenditures being made on the St. Lawrence route and other places in Canada.

Mr. CHEVRIER: I am informed that the amount expended since 1930 is about $34 million.

Mr. BLACK (Cumberland): That only goes to 1930. I should like to have it from the beginning.

Item agreed to.

Marine service—
414. River St. Lawrence ship channel—administration and operation, $221,660.

Mr. NICHOLSON: Would the minister give some information supplementary to that given by the Minister of Trade and Commerce respecting plans for the use of the Hudson bay route at Churchill? Would he indicate whether the revenue this year is likely to be increased as a result of shipments of wheat over the Hudson bay route? The information given by the Minister of Trade and Commerce was not complete; perhaps the Minister of Transport could add to it?

Mr. CHEVRIER: I should not like to add to what was said this morning by the Minister of Trade and Commerce. I believe he covered the question fully, namely that the ships at Churchill would take out all the wheat that was there. So far as incoming wheat is concerned, I am afraid I cannot say anything in addition to what was said by the Minister of Trade and Commerce.

Mr. MacNICOL: The report is that nine ships will come in and go out of the harbour this summer; and if they do, that will add materially to the revenue of the Hudson Bay railway.

Mr. NICHOLSON: I understand that there is not sufficient wheat available at Churchill. Are arrangements now under way to have additional cargoes of wheat made available, so that wheat may be moved to Europe by the fastest and shortest route during the next few weeks?

Mr. CHEVRIER: I am informed that the season closes before this year's crop can possibly get there.

Mr. NICHOLSON: There is surely a great deal of wheat available on the prairies. If the government were really concerned about getting wheat to Europe I would suppose that wheat could be supplied. The government might well give consideration to seeing that some of the wheat moves to Churchill immediately. Could the minister give a further statement?

Mr. CHEVRIER: I cannot add to what the Minister of Trade and Commerce said this morning. The wheat board is under his jurisdiction.

Item agreed to.

Railway service—
415. Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, $42,000.

Mr. JACKMAN: How many private cars are used by the Department of Transport? I note that in the details of this item there are four stewards at $1,740 and three porters, at $1,620, making a total of $11,820, exclusive of cost of living bonus. What are these stewards and porters used for?

Then I draw the minister's attention to the item for an official car at $5,000, as set out at page 227 of the estimates. How many cars are used, and what is the purpose of them?

Mr. CHEVRIER: The item provides for five cars, two of which are those of His Excellency the Governor General, and three under the jurisdiction of the Department of Transport. Of the three, one is assigned to the Prime Minister, one to the Minister of Transport and one is a general, official car for the use of all ministers. The $42,000 compares favourably with amounts spent each year since 1936, when the amount was $57,000, and last year when it was $39,000. This has to do with salaries paid to stewards and porters, plus cost of living bonus, in connection with the operation of the three cars I have mentioned, and the two assigned to His Excellency. Then there is the sum of $15,000 for repairs. My hon. friend is probably aware that some of these cars are thirty years old, and it takes substantial repairs to keep them in operation. I might also add that they are not used extensively.

Item agreed to.

Railway service—
416. Hudson Bay railway—construction and improvements, capital, $15,500.

Mr. BLACK (Cumberland): Would the minister make a declaration of policy respecting the movement of feed grains from Churchill to the maritime provinces, to justify this large expenditure in connection with the Hudson Bay railway, with a view to serving agricultural interests and stock raising in the maritime provinces? It has been suggested at different times that accommodation be provided at Pugwash and other places in Nova Scotia for storing these feed grains which would be transferred from Hudson bay by

boat and stored at Pugwash, at the head of the bay of Fundy, for distribution to the farmers. This could be done at low transportation cost, and to some extent would justify the expenditure of these many millions of dollars in the facilities at Churchill.

Mr. CHEVRIER: No part of this estimate is for expenditures on feed grain. It is to cover the deficit in operations of the Hudson Bay railway by the Canadian National Railways as agent for the government of Canada.

Item agreed to.

Railway service—

417. Hudson Bay railway—To provide for the difference between the expenditures for operation and maintenance, and revenue accruing from operation during the year ending March 31, 1947, not exceeding $525,000.

Mr. JACKMAN: This is item 417. It is now eleven o'clock. I would ask that it be called eleven o'clock and that the item should stand.

Mr. CHEVRIER: We are on item 417.

Mr. JACKMAN: Would you call it eleven o'clock, Mr. Chairman? I wish to ask a question which would require a lengthy answer.

Mr. CHEVRIER: Let us have the question.

Mr. JACKMAN: I suggest that it is eleven o'clock.

Item stands.

Progress reported.

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

Saturday, August 17, 1946

The house met at eleven o'clock.

WAR EXPENDITURES

PRESENTATION OF FIFTH AND FINAL REPORT OF SPECIAL COMMITTEE

Mr. G. B. ISNOR (Halifax) presented the fifth and final report of the special committee on war expenditures and economies, as follows:

The special committee on war expenditures and economies begs leave to present the following as its fifth and final report.

Under date of March 22, 1946, your committee was appointed "to examine the expenditures defrayed out of moneys provided by parliament for national defence and demobilization, and for other services directly connected with the war, including the disposal of surplus war assets, and to report what, if any, economies consistent with the execution of the policy decided by the government, may be effected therein."

[Mr. P. C. Black.]

The committee met four days after its appointment and since that date it has held forty-one sittings and heard twenty witnesses.

A steering committee was set up and recommended procedure which was approved by the main committee.

In giving consideration to matters coming within the scope of its reference, your committee decided to pursue the inquiries initiated during the last session, and accordingly turned its attention towards the operations of War Assets Corporation, its organization, functions and policies in the marketing of surplus assets, its priority system, etc. It also inquired into the methods of declaring surpluses, and the receiving, checking, and storing of such surpluses before final disposal.

Arising out of these inquiries, it was found expedient to secure evidence from the three armed services, viz.: navy, army and air force with a view to ascertaining what quantities of material and equipment had been transferred to War Assets Corporation for disposal and whether, in the interest of economy, stocks held by these services are limited to their requirements under post-war establishments.

A visit was made to the head office of War Assets Corporation, at Montreal, so that first-hand information could be sought and a study made of the general organization and set-up of the corporation.

Before the committee had proceeded at any length into the study of quick disposals it was felt that a change in respect of priorities should be given consideration, so that the disposal of surplus material could be effected with greater expedition by revising the method of granting priorities insofar as the time element was concerned. It was, therefore, recommended and approved by the house "that in respect of priorities granted to federal, provincial and municipal governments, the thirty day period now in effect, be reduced to ten days."

From the evidence submitted it was ascertained that greater care should be exercised by the armed services and War Assets Corporation when surpluses were being turned over, and, accordingly your committee recommended, and the house approved, "that when surpluses are to be declared by the armed services, or from any other source, advance notice be given to War Assets Corporation so that a representative of the corporation be on hand to check and receive surpluses."

A statement tabled by War Assets Corporation showed gross sales of declared surpluses, from 1944 to July 31, 1946 as follows:

To March 31, 1945	$ 9,507,127 00
1945—	
April	1,386,291 16
May	4,566,293 80
June	2,132,337 53
July	7,231,162 22
August	6,308,356 54
September	3,047,375 08
October	6,345,218 20
November	10,067,956 83
December	10,153,689 23
1946—	
January	14,477,019 19
February	16,331,943 54
March	42,830,725 34
April	21,942,541 66
May	22,608,326 47
June	26,075,839 04
July	21,510,947 43
Total	$226,523,150 26

The witness representing the Royal Canadian Naval Services presented statements as to their wartime and peacetime requirements, the disposal of surplus assets and the policy to retain sufficient consumable stores for three to five years, based on the anticipated rate of consumption of the peacetime navy, and for the retention of special equipment.

It was shown that the total surplus declarations made by the navy from V-J day to the 31st March, 1946, was as follows:—

Stores (cost value)	$ 14,353,284 75
Ships (cost value)	223,391,221 93
Properties (cost value) ...	12,503,132 92
Total	$250,247,639 60

The naval service witness also supplied a list of yachts chartered commercially, or on a nominal basis, or donated, and a statement showing the disposition made of such yachts, and including moneys required to recondition them for return to their owners. A summary showed:—

25 vessels on commercial charters;
27 vessels chartered at $1 a year;
5 vessels sold and
6 vessels on loan without cost from other departments.

The army witness outlined:—

1. (a) The background of army equipment.
(b) The organization of provision within the army to assist in categorizing information deemed necessary by the committee.

2. The equipment policy to provide for the post-war army, based on the following:
(a) An active force;
(b) A reserve force;
(c) Supplementary reserve;
(d) Cadet training.

3. Implementation of the equipment policy.
In connection with economy, the governing factors were outlined in respect to:
(a) Disposal of surpluses at rates consistent with diminishing requirements.
(b) Retention of stores and equipment required for the post-war army.
(c) Acquisition of modern stores required to ensure a high degree of efficiency in the post-war army.

It was shown that the army vehicle surpluses amounted to 24,055, of which 15,955 had been disposed of up to April 1, 1946, and the balance of 8,100 to be disposed of by the end of 1946.

Categorizing of army stores and equipment were shown under the following classifications:

1. General stores
(a) Clothing.
(b) Camp and barracks equipment.
2. Technical stores
(a) Ammunition
(b) Small arms
(c) Radio and telecommunication equipment.
(d) Engineer equipment.
3. Vehicles.
(a) Load carrying and passenger vehicles.
(b) Armoured fighting vehicles.
4. Mechanical equipment, including mobile and self propelled engineer equipment such as graders and other road machinery, equipment required for clearing snow, etc.

As at April 1, 1946, the approximate cost of these holdings amounted to $509,286,897, and the approximate cost of materials disposed of to $86,042,008.

The witnesses were questioned in respect of all these holdings, the need of some and the final disposal of any surpluses.

Your committee desires to draw to the attention of the house, and particularly to the attention of the Minister of Defence, that in prewar days there were 93 personnel carrier vehicles and that the post-war requirements show 4,133 vehicles of this type, which number appears excessive.

Witnesses from the Royal Canadian Air Force also appeared before the committee and gave a general outline of the policies and practices affecting equipment during the latter years of the war, since the cessation of hostilities, as well as those in effect at the present time.

The statement dealt with all forms and types of equipment, provisioning and contract cutbacks, stock retentions, disposal policy and other matters of policy. In connection with declared surpluses, it was shown that the air force had declared, as at May 1, 1946, equipment of an approximate total cost of $624,677,000.

Considerable discussion centred around the destruction of material at Penhold, Calgary and other depots. A statement was submitted which did not meet with general approval. The committee, as a whole, was critical of the manner in which the R.C.A.F. admittedly acting under general authority from War Assets Corporation, had brought about the destruction of equipment at these R.C.A.F. depots. This equipment, which was termed unserviceable (i.e., beyond economical repair) and had been listed as of no marketable value, was marked for physical destruction.

It is to be regretted, and is indeed unfortunate, that no collective statistical data was kept of the equipment which was reduced, to produce as it was not apparent at the time that there was any advantage to be gained from the additional administrative work involved. It was pointed out by the R.C.A.F. that all serviceable bits and pieces and parts were extracted. The destruction, nevertheless, took place; and although the policy, in this respect has been changed, your committee take the definite stand that no such procedure or action should have been followed or allowed. According to R.C.A.F. witness no further destruction has taken place since August, 1945.

Witnesses were also heard from the special service branches of the navy and air force and from the joint services advisory committee on welfare, voluntary and auxiliary services, Department of National War Services, respecting donations of materials, equipment and furnishings for the comfort and enjoyment of men and women of the services and the final disposal of same, by sale or otherwise.

Your committee recommends that such donated equipment, materials and furnishings above referred to and still in stores, be disposed of and that the revenue derived from this source be used for the benefit of the personnel of the armed services.

Because of articles appearing in newspapers and magazines respecting the destruction of war materials, it was deemed advisable to call before the committee the writer of certain of these articles which charged the air force with the alleged mutilation and scrapping of batteries delivered from No. 1 Equipment Depot, Toronto. A report dealing with this subject had previously been received from the Department of

National Defence for Air under date of 29th May, 1946, as appears in the minutes of proceedings and evidence of June 6, 1946.

The writer of those articles made what appeared to your committee serious charges against the air force and War Assets Corporation. One of his statements was that, while he had not counted the number of batteries on a junk pile, he figured the volume of one battery, and then, using a correcting factor, arrived at a number of 2,000. The R.C.A.F. witness stated that only 371 batteries had been released from No. 1 Equipment Depot from 25th June, 1945, to October 3, 1945.

Another allegation by the same witness was to the effect that he had purchased for $5 a damaged 5J22 battery, which cost the taxpayers $80. This statement was contradicted and invoices produced to show that this type of battery (5J22) cost the taxpayer only $14.68.

Certain other figures of costs, as submitted by this writer witness were challenged, and figures of actual cost were given to show the incorrectness of statements contained in printed articles, although the great majority of figures of cost have not yet been examined.

Your committee's inquiry in this connection had not reached a stage where further comment on the evidence can be made, but your committee feels that what appear to be sensational articles, should not go unchallenged.

Another subject which your committee had under consideration and to which it devoted much time and study, is the question of making war surpluses available for instructional and school purposes.

Witnesses were heard in support of a more generous treatment to educational institutions. The policy and procedure whereby War Assets Corporation disposes of surplus material and equipment to educational institutions were submitted to the committee. These dealt very fully with all phases of this important question, and members of the committee gave careful attention to means whereby useful equipment could be made available to educational institutions with the least possible delay. While, in the opinion of your committee the present policy of indefinite loan is sound from the viewpoint of War Assets Corporation, your committee recommends:

1. That the present policy of indefinite loan to educational institutions be broadened to include equipment not readily saleable.

2. That official educational representatives be permitted to visit and inspect such material and equipment as may be considered of educational value.

3. That there be granted to educational institutions a discount equal to that received by any dealer for similar lines.

In the interest of economy, it is further recommended that additional outlets be found, or other suitable steps taken, with a view to speeding up War Assets Corporation's sales, and thus save storage and maintenance charges and, at the same time, place much needed material on the market.

The following measures are also recommended to speed disposal, viz.:

(a) Decentralized "sales-at-the-site";

(b) Selecting "short-supply" civilian items for immediate sale;

(c) Disposing of real property as quickly as possible, consistent with the protection of public interest;

(d) Making all building material immediately available for construction purposes;

(e) The non-employment by War Assets Corporation of persons otherwise interested in outside business;

(f) Greater publicity by War Assets Corporation in respect of the sale and disposal of all war surpluses.

With a view to effecting economy in the armed services, it is further recommended that all branches review, before the end of 1946, or, as early thereafter as possible, the need of retention of consumable stores, particularly with respect to the building up of reserves of clothing and equipment, bearing in mind the present shortage of many lines required for civilian consumption.

It is also recommended that a review should be made of post-war requirements.

Your committee recommends that a similar committee be appointed immediately after the opening of the next session. In this connection, it is respectfully suggested that study be given to the advisability of merging the work of this committee with that of the standing committee on public accounts by broadening its reference to include all war expenditures, and that the committee be known as the special committee on national expenditures.

Your committee wishes to express its appreciation of the cooperation and assistance received throughout its deliberations, from officials of War Assets Corporation, representatives of the armed services and other departmental officials.

A copy of the minutes of proceedings and evidence taken by your committee, consisting of 1130 pages, is annexed hereto.

All of which is respectfully submitted.

Gordon B. Isnor,
Chairman.

INQUIRY AS TO MOTION FOR CONCURRENCE

Mr. GORDON GRAYDON (Peel): May I ask the chairman of the war expenditures committee whether there is to be a motion this session for concurrence in the report?

Mr. ISNOR: That matter was considered by our committee, and if an opportunity presents itself I shall be pleased to make such a motion.

[*Later:*]

On the orders of the day:

Mr. GORDON GRAYDON (Peel): May I ask the Minister of Reconstruction and Supply a question, in view of the rather uncertain answer given by the hon. member for Halifax (Mr. Isnor), the chairman of the war expenditures committee, to the question whether or not a motion for concurrence in the report of the committee on war assets disposal will be made this session? Will there be an opportunity for discussion of this matter on any of his estimates?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I expect that my estimates will be considered to-day, and I shall be very glad to have the discussion on an appropriate item. I will specify an item when my estimates come on.

Mr. GRAYDON: So that there will be an opportunity, for instance, to deal with the Brown charges, with which, I think, the report deals very unsatisfactorily, in the nature of a whitewash.

Mr. DEPUTY SPEAKER: Order.

LABOUR CONDITIONS

TYPOGRAPHICAL UNION—SOUTHAM NEWSPAPERS

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, as requested by the hon. member for Calgary West (Mr. Smith) I wish to lay on the table copy of the report of W. D. Card, K.C., industrial disputes inquiry commissioner, in connection with the dispute between the Winnipeg Free Press Company Limited and the Southam Company Limited (Winnipeg Tribune Division), Winnipeg, Manitoba, and the Winnipeg typographical union, local 191, of the international typographical union.

Mr. KNOWLES: May I ask the Minister of Labour if he has given consideration to changing the status of Mr. Justice Richards from that of an informal investigator to that of a commissioner in connection with the typographical dispute?

Mr. MITCHELL: I do not think it makes much difference what Mr. Justice Richards' official position is; for as my hon. friend remembers, we have had many commissioners in that dispute.

Mr. KNOWLES: Only two.

Mr. MITCHELL: No; we have had three. We had a commission in British Columbia, headed by Brigadier Lett, and two in Winnipeg. The Lett report was made public also. While I see no objection to calling Mr. Justice Richards a commissioner, I do not think it would make much difference.

Mr. KNOWLES: It gives him a little more authority.

Mr. MITCHELL: Well, if he needs the authority, my hon. friend can rest assured that he will get it.

CANADIAN PACIFIC RAILWAY EMPLOYEES—PENSION RIGHTS

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): May I ask the Minister of Labour, now that he has tabled the Card report, if he will also table the report of Mr. Harris Johnstone with respect to the C.P.R. 1919 pension dispute? The reason I couple the two together is that the minister refused my request once before, saying that these things have to cut both ways, and since there was an objection to the tabling of the Card report he could not table the other.

Hon. HUMPHREY MITCHELL (Minister of Labour): At the time I spoke of the thing cutting both ways the circumstances were different; they have changed somewhat since I gave my hon. friend that reply. Now, just wait a minute; don't sit there and smile.

Mr. GRAYDON: It is not unparliamentary to smile.

Mr. MACKENZIE: "Smile, and be a villain!".

Mr. MITCHELL: Anyway, it is a change to see my hon. friend smile. Since that time the report has been tabled and discussed, the contents of the report of Mr. Justice Sloan, of British Columbia, are known, and also that of Magistrate Hanrahan of Windsor, and Mr. Justice Roach, in the steel case. With the development of labour relations, the use of commissioners has made them to all intents and purposes, or almost akin to, conciliation boards, and I have taken the position, let the sun shine in.

Mr. KNOWLES: That is what I am asking for.

Mr. MITCHELL: Just a minute. As we submit to the parties concerned, the reports of conciliation boards, I have reached this opinion over the last few weeks, that these commissioners being to all intents and purposes conciliation commissioners, it is probably better to follow the law and the precedents with respect to conciliation boards.

Mr. KNOWLES: The minister has not answered my question about the Johnstone report.

Mr. MITCHELL: I will table it.

INDIAN ACT

CONCURRENCE IN THIRD REPORT OF SPECIAL JOINT COMMITTEE OF BOTH HOUSES

Mr. D. F. BROWN (Essex West) moved that the third report of the special joint committee of the Senate and House of Commons appointed to examine and consider the Indian Act, presented to the house on Thursday, August 15, be now concurred in.

Motion agreed to.

TAXATION

DOMINION-PROVINCIAL CONFERENCE—ARRANGEMENTS WITH PRINCE EDWARD ISLAND

On the orders of the day:

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): Mr. Speaker, the junior member for Queens (Mr. McLure) asked me the following question on Thursday:

Has the government of Prince Edward Island completed arrangements with the federal government for the tax relief compensation as per provincial conference claims submitted?

In reply I may say that no tax agreement has been concluded with the government of Prince Edward Island since the conclusion of the wartime tax agreement in the spring of 1942.

PRIVILEGE

MR. DIEFENBAKER—REFERENCE TO RETURN RESPECTING CAMP BORDEN ARMY REJECTION OR MEDICAL DISCHARGES

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, yesterday I raised a question of privilege respecting a return which was brought down, and pointed out that some letters were missing and that what the house received was an expurgated edition of the files. When I raised the question yesterday, the leader of the house announced that I would be answered yesterday by the Minister of National Defence. He also indicated the degree to which I would be answered. Apparently the minister did not follow the admonition of the Minister of Labour a moment ago when he suggested that the sun be let shine in. I rose on a question of privilege yesterday to do just what my hon. friend the Minister of Labour suggested was the proper course; and I would ask the minister now to advise when these documents are to be placed in the records of the house. I think they should be tabled to-day. There should be no dilatoriness on the part of parliament in its demand that civil servants, when there is an order for the production of all the documents, shall in fact bring down all the documents.

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): I rather resent the lecture of the hon. member to civil servants in that connection. I think all hon. members will concede that civil servants are usually very diligent in fulfilling their duties. The leader of the house was under the impression that this principally concerned the Department of National Defence. I ascertained that it does not, and that most of the correspondence was correspondence between the Department of Justice and the Department of Labour. I obtained a copy of the hon. member's remarks and just a little over half an hour ago had an interview with the deputy minister of justice about it. I asked him to go into it very carefully and to prepare a memorandum on the observations that the hon. member made. I again wish to assure the hon. member that as far as I know the civil servants, they endeavour to carry out their duties fully and responsibly.

Mr. DIEFENBAKER: If it was not the civil servants, then the responsibility rests right on the government for having taken these documents, and we know now who is responsible.

Mr. ST. LAURENT: My hon. friend is much too quick to jump to conclusions. I signed for the Secretary of State the cover sheet of this report and I did not examine the report, but I looked and saw that there were signatures of three deputy ministers on the report and therefore, without checking its contents, I signed it and it was tabled in that condition. I did not know until the hon. member raised the question in the house that there was anything referred to in the correspondence that was not included in the report.

Mr. POULIOT: It is a very good thing to know what he jumps at.

Mr. GRAYDON: I have a suggestion to make which I intended bringing forward before in connection with orders for returns passed by the house from time to time. I have noticed that they are signed by various civil servants and simply given the imprimatur of the responsible minister, and then they go on to the house. I think the member for Lake Centre has a very good point, recognition of which will be of value both to this government and to governments in the future. I do not think an order for return should ever be brought down until a minister of the crown has thoroughly understood and gone into the whole matter, instead of relying, as the leader of the government has done, on civil servants —and I am not criticizing him personally in the regard—and putting the responsibility back upon them. That should never be possible as far as government is concerned, because the responsibility to parliament with respect to the accuracy of these things is not

the deputy minister's. It rests entirely over there, in those seats we are looking at across the way.

Mr. ST. LAURENT: I quite admit that the responsibility rests here, and if it is the desire of hon. members that a return be not brought down until a minister will have had time personally to investigate the files and to satisfy himself that the return is complete, that will be quite satisfactory to the government, but it will involve much more delay than is now experienced in the filing of these returns. There are other matters that cabinet ministers have to attend to besides going over the files to pick out the documents included in motions for returns.

Mr. GRAYDON: That is a strange admission from the leader of the government. The cat is out of the bag; we now know that ministers do not bother about questions but simply leave them to civil servants and the minister hands them to us.

Mr. MACKENZIE: Nonsense.

Mr. GRAYDON: May I say to the acting leader of the government that when he talks about responsibility of ministers in other directions, he has no greater responsibility elsewhere than to members of this parliament.

Mr. ST. LAURENT: When the hon. member who has just taken his seat will have experienced some of the responsibility of holding office, and not shadow office, he will have another view of the duties a minister has to discharge in the interests of the country.

JUDGES ACT

CONSOLIDATION AND AMENDMENTS OF ACT—SALARIES, ETC.

The house resumed, from Friday, August 2, consideration in committee of bill No. 250, respecting judges of dominion and provincial courts—Mr. St. Laurent—Mr. Macdonald (Brantford City) in the chair.

Right Hon. L. S. ST. LAURENT (Minister of Justice): When this bill was before the committee on August 2, all the clauses with the exception of 27 had been passed and 27 was allowed to stand for further consideration. Clause 27 is the one which amends a former clause in the Judges Act which had to do with the possibility of the chief commissioner or the deputy chief commissioner of the board of railway commissioners, if he was a judge of the high court before appointment, being treated in the same way as if he had remained with the high court until the date of retirement from the board of railway commissioners. Section 27 proposes to extend that to other offices under the crown.

The section is of course not an integral part of the Judges Act, and it met with considerable opposition and criticism in the house. I endeavoured to redraft it in a manner to restrict it to high court judges who might be elected to the court of international justice, to high court judges who might be appointed ambassadors, or who might be appointed chief commissioner or deputy chief commissioner of the board of railway commissioners, and in the amended form I discussed it informally with some hon. members who had raised objection to the original clause. After giving it consideration they informed me that even in the modified form they felt so strongly about it that they could not allow it to pass without dividing the house on it.

I must say there are also several members on this side of the house who would naturally prefer, as I would myself, that the Judges Act have nothing to do with anything that is not strictly and essentially connected with the administration of justice, and I would also very much deprecate having a division which might be on party lines over any clause of the Judges Act. In view of the apparent overwhelming proportion of opinion in favour of all the substantial provisions of the Judges Act, and the statements that have been made to me that this clause, even in the amended form, could not pass without a division of the house, which might be on party lines, I prefer to drop both the proposed amendment and the clause, and have this act, not one sponsored by any party but one which meets the views of the large majority of members of the house regardless of party.

If it is the pleasure of the house I would ask that clause 27 be dropped, and that would dispose of the whole act. But there is one other point that has arisen since. Hon. members will recall that the act provides for increasing by one the judges of the exchequer court and increasing by two the judges of the trial division of the supreme court of Ontario. Since the bill was before the committee we have been informed that the situation in Ontario is such that they would greatly desire to have these two additional appointments made before 1947, when the act would come into force, and I would therefore ask leaves of the house to revert to section 39 of the bill, which is the provisional section that would come into force right away, and add

to it an amendment that would allow the additional judge of the exchequer court and two additional judges of the supreme court of Ontario, to be appointed at once—of course that will be at the salaries which now prevail—instead of having to wait until after January 1 to make these appointments. This would be accomplished by adding to section 39 the following:

(2) Section 6 of the Judges Act is amended by substituting the word "three" for the word "two" in paragraph (b) thereof.

(3) Subsection 1 of section 8 of the Judges Act is amended by substituting the word "fourteen" for the word "twelve" in paragraph (e) thereof.

Mr. DIEFENBAKER: How would the section then read?

Mr. ST. LAURENT: The way in which we propose to do it is to amend sections of the existing Judges Act, replacing "two" by "three" in the present Judges Act with respect to the exchequer court, and replacing "twelve" by "fourteen" in the present Judges Act for the trial division of the high court of Ontario. That amendment will come into force as soon as the bill is assented to, and like the rest of section 39 it will be exhausted when the new act comes into force, but it will allow these additional appointments to be made under the old scale of salaries instead of waiting until after January 1 to make them. The department of the attorney general and the chief justices of Ontario have represented to us that the dispatch of business in Ontario makes it desirable to have that done at once.

Mr. DIEFENBAKER: First with regard to the withdrawal of the section in question, I think the minister has followed the proper course. The other day some mention was was made of the fact that in 1931 an amendment had been passed to make provision for the resignation of a judge from a superior court and his appointment to the railway commission in such a way that the time he was on the commission, along with the period he occupied the bench, would count in the determination of his pension I looked up that debate and found that the point which was made at that time both by Mr. Guthrie, the Minister of Justice, and Mr. Bennett, and concurred in by Mr. Lapointe, was that in the case of the chairman of the railway commission the appointment was in the nature of a judicial one, and that the railway commission was by statute a court of record.

So far as diplomatic servants are concerned I am sure the minister will be able to cover the situation by making provision that those who serve in foreign fields shall in fact receive no less consideration than those who serve in our country.

With regard to the other amendments suggested, we of course support them. In view of the glut of work in the courts in Ontario it is necessary that these judges be appointed. We give support to the request for the amendment suggested by the Minister of Justice.

Mr. ST. LAURENT: I ask one of my colleagues to move the motion.

Mr. MACKENZIE: I move accordingly.

Mr. POULIOT: Before the change is made may I say that I have a recollection of what was done some years ago by Mr. Bennett for General McNaughton. There is an analogy between what was done for him and section 27 which will disappear. He was chief of staff at a certain salary and was appointed president of the national research council at a higher salary. The position at the national research council carried no superannuation. The evidence of that is that Doctor H. M. Tory, who was president before, had nothing more than his salary. The engagement is considered a ten-year contract; but when General McNaughton was transferred from the position of chief of staff to that of president of the national research council he was seconded by the army to that position. In law the word "seconded" means that the man carries with him all the advantages that he had in his previous position, even though there are no such advantages attached to the new position. Because of that seconding General McNaughton was superannuated from the national research council at a pension of $8,000 per annum instead of $4,000 and his wife will be entitled to a pension of $4,000 per annum when he dies. I am greatly surprised that that matter was not used in Qu'Appelle; it is enough to defeat a man, although it is strictly legal. Also Major General Vanier, when he was plain colonel, was secretary for a time to Howard Ferguson when he was high commissioner in England. It was a civil service position. He was seconded by the army to that position, and he was entitled to more benefits. What I wanted to say is that the thing has been done by other parties in cases that were quite similar.

While I am on my feet I should like to say a word about Judge T. C. Davis, whom I know personally, and for whom I have the greatest respect. I regret some of the things that have been said about him, because in the discharge of his duties he has done exceptionally well. His name must be vindicated in the house.

He contributed to a large extent to making Canada better known in Australia, and he has done a lot for the boys who were there. I wanted to pay this tribute to him. Although I have personal views about the judiciary—and I have some very dear friends among the judges, men whom I respect very much—it does not mean that because a man is a judge he must be free from criticism when such bills as this one come before the house. But the criticism must be fair and must be on a higher level than what took place on this bill and which could be called an aspersion on Judge Davis. It was not fair.

Section 27 withdrawn.

Amendments to section 39 agreed to.

Section 39 as amended agreed to.

Bill reported.

The CHAIRMAN: When shall the bill be read a third time?

Mr. MACKENZIE: With the consent of the house, now.

Right Hon. L. S. ST. LAURENT (Minister of Justice) moved:

That Bill No. 250, respecting judges of dominion and provincial courts, be now read a third time.

Mr. WILLIAM BRYCE (Selkirk): While taking part in this debate previously I was asked a question by the hon. member for Stanstead (Mr. Hackett), and I should like to take just one moment to convince the hon. member that I did know what I was talking about, though he caught me unawares at the time. We were talking about political appointments of judges in Britain, and since that time I have made a few inquiries. I am going to deal with Scotland, however, because I am more certain of my facts there than in connection with England, though in days gone by England has depended upon the good lawyers coming from Scotland to give justice there. In Scotland the judges are recommended by their brethren of the bar association; their names are submitted to the secretary for Scotland and the appointments are made official by him. That takes away entirely the political aspect of the appointment. I feel quite sure, Mr. Speaker, that this is done in England as well. In any event they are positively not appointed because they were Liberals or Tories, but for their ability to dispense justice without bias. I might mention some of the legal lights in that class: Thomas Shaw, later Lord Shaw of Dunfermline; Alex Ure, formerly lord advocate of Scotland; and there was also Scott Dickson, a Tory.

Mr. MACKENZIE: And Lord Haldane.

Mr. BRYCE: Many other names could be added to this list. I am quite in agreement with the suggestion that the bar association should make these representations, because they know their members and their ability. I have always maintained that the bar association or the lawyers' union is the strongest union in the world, and I should like them to remember that. They discipline their members; they maintain order and dignity in the profession, and I think it quite right that they should recommend the men to be appointed as judges.

Mr. JEAN FRANCOIS POULIOT (Temiscouata): I should like to say just a word before this motion is carried. I was admitted to the bar thirty-two years ago; for the last fifteen or sixteen years I have not practised.

Mr. MacNICOL: You have graced the bar, too.

Mr. POULIOT: Thank you. I am quite free to express an opinion on judges, who must be considered with fairness. In the minds of the people regulations that have been passed by minor clerks are the law of the land. The private individual makes no distinction between a statute studied and approved by both houses of parliament which later receives royal sanction, and an order which is signed by a minor clerk, because the result is the same. If a citizen infringes the statutory law or the regulation he has to pay a fine or go to gaol. The other day I spoke of Gulliver; but the case of the Canadian citizen is rather different, because Gulliver did not give to the dwarfs of Lilliput the rope with which he was tied. On the other hand we give to the dwarfs of the civil service plenty of rope with which to tie not an individual but all Canadian citizens. We supply the rope by giving them a great deal of power, and as a result the judges suffer because the necessary distinction is not made and cannot be made by the private individual unless he takes a course in law.

There is another question in my mind. The judges have to apply the law. Does that mean that the law is justice? It would be a great mistake to contend that justice and law are synonymous. I believe in equity; I believe not in the strict interpretation of the law but in its interpretation in a broad manner taking into consideration all the human facts and

factors related to the application of the precepts of law. Therefore we cannot very well speak any longer about the sanctity of law, except the law which derives directly from the ten commandments which ruled the world for centuries because men abided by them and followed their spirit.

There is another principle of law that the individual has no excuse for ignoring. At the present time I do not know how a candidate for legal honours can be qualified to pass successfully an examination on all the orders made during the war, which are the law of the land. At this time I must pay a special tribute to the Minister of Justice (Mr. St. Laurent) for his endeavour to improve conditions which could easily become chaotic in the legal domain; and he can rely on the able assistance of the Solicitor General (Mr. Jean) who for several months has been pruning the orders in council and orders with real success. When I listened to the hon. member for Peel (Mr. Graydon) a moment ago I wondered if his suggestion was that in each department the minister should dictate all the correspondence of that department. That would be beyond the physical capacity of any man, so perhaps there was a little exaggeration there. But when there is a trend in the right direction, it must be noted, approved and encouraged. In this connection I have been complaining for years about the absurdity of some of the regulations, but there is still some hope when we see the work being done under the Minister of Justice by the Solicitor General, and I congratulate them both.

Mr. DEPUTY SPEAKER: May I remind the hon. member that the principle of the bill was approved on second reading. The motion now before the house is that the bill be now read a third time, which does not allow for a general discussion.

Mr. POULIOT: I am referring to the laws which the judges have to interpret. If there are no laws, there would be no judges and this bill would be just a waste of time.

Mr. DEPUTY SPEAKER: This discussion would have been in order on the second reading, but I submit it is not in order under the motion now before the house.

Mr. POULIOT: This is the first time that I have been called to order in a case like this. If there was no law, there would be no judges. I do not think I am out of order when I refer to the improvement of the law to facilitate the work of the judges. We are here to pass laws, and if a bill enables members of parliament to introduce some improvement in legislation I think it would be one similar to this one.

[Mr. Pouliot.]

Mr. DEPUTY SPEAKER: Apparently the only difference between the Speaker and the hon. gentleman is that the Speaker is of the opinion that this discussion should have taken place when the second reading was being considered.

Mr. POULIOT: I am not insisting, but I think these matters could be mentioned on any section of the bill or on any reading of the bill. I shall conclude what I have to say by recalling to hon. members that the task of the judge is quite hard. He must be like Cæsar's wife and be above all temptation.

Mr. GRAYDON: Above suspicion.

An hon. MEMBER: There is a difference.

Mr. POULIOT: Cæsar's wife was above both, and I am referring now to temptation. There is an impression in the minds of the public that it is difficult to undertake an action against a wealthy corporation because the plaintiff may not be able to carry his case through all the courts to which it might be taken by the corporation. You, Mr. Speaker, know from your successful experience at the bar that all men are considered to be alike in the eyes of the law. To permit such an impression to continue would be unjust to the judges and unjust to the law makers.

A judge may be absolutely independent, and that is why I support this bill. I am glad the Minister of Justice has sponsored it. Perhaps it has come at the wrong time and, as in many other things, perhaps the government has waited ten or fifteen years too long before adjusting the salaries of judges. This bill has been brought in at a critical and difficult time. It will be seen from what has been said by members of the bar who are members of this house and who are familiar with conditions all through the land that amendments are necessary to the Judges Act.

Before concluding I have another observation to make. The other day the hon. member for Broadview (Mr. Church) sponsored a bill to amend the Judges Act. I agree with him in one thing, that judges should be appointed to investigating commissions but they should not be appointed to administrative or managing commissions. A judge is experienced with witnesses, he knows how to deal with them and how to protect them so that they will receive fair treatment. A judge has the respect of the community and he is well qualified to preside over a commission of that type, provided that sufficient judges are still available to try the cases in the court so that the public will not suffer.

Mr. DEPUTY SPEAKER: I would again remind the hon. member that that is a matter

which goes to the very principle of the bill. It would have been in order in the debate on the second reading before the principle was approved, but the principle has been approved. I feel I have been most generous in my interpretation of the rules.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, the main provisions of the bill now before us have to do with increasing the salaries of judges. We in this group have listened to the arguments that have been put forward but we remain unconvinced that it is urgent that such steps be taken at this time. As we have indicated previously, we are in favour of raising the standard of living of all Canadians, and we would not except judges from that view, but there is such a thing as priorities. We feel very strongly that for this parliament to pass the measure at this time and to fail to deal with such an important matter as old age pensions would be a disgrace. We have stated that position before, and in spite of the arguments that have been offered in support of this bill we do not feel that this is the time for it to be given third reading.

Various arguments have been put forward in favour of increasing these salaries, such as the contention that it is necessary to pay higher salaries in order to get the best men on the bench and to assure that we shall have judges who will be perfectly fair. As we said before, we regard this argument as something of a reflection upon those who hold or aspire to this high office. We feel that impartial and fair judgments are not to be obtained by paying for them. Surely a measure such as this can wait until some of these other matters of greater urgency are dealt with.

The proposal was made that something should be done this year about old age pensions. On June 24 we thought we had a promise from the Minister of National Health and Welfare (Mr. Claxton) that a measure would be brought before the house relating to the amount of the old age pension. When I questioned the Prime Minister (Mr. Mackenzie King) about that on July 5 he asked for time to answer, and a week later indicated that in view of the intention to introduce an amendment to the National Emergency Transitional Powers Act, any legislation respecting old age pensions would have to wait until next year. During the weeks and months we have been discussing these matters the cost of living has gone up and other difficulties facing the old age pensioners have increased. We feel very keenly that our scale of values is all wrong if we go ahead with this measure and then in a week or so prorogue without dealing with the case of the old age pensioners and others we might mention.

I would also mention the argument that was advanced in another place—I do not refer to the senate, but to a room between here and the senate—that any increase in wages of over ten cents an hour is not to be considered at the present time because it would be a threat of inflation. If that argument is valid it applies to these increases as well.

For these reasons we feel that now is not the time to give a third reading to this measure, and therefore, so as not to take any more time on it, I now move, seconded by my deskmate the hon. member for Mackenzie (Mr. Nicholson):

That the word "now" be left out and the words "this day six months hence" be added at the end of the question.

The house divided on the amendment (Mr. Knowles) which was negatived on the following division:

YEAS

Messrs:

Archibald	McCullough (Assiniboia)
Argue	MacInnis
Bentley	McKay
Bowerman	Matthews (Kootenay East)
Bryce	Moore
Burton	Nicholson
Campbell	Stewart (Winnipeg North)
Castleden	Townley-Smith
Coldwell	Wright
Irvine	Zaplitny—24.
Jaenicke	
Knight	
Knowles	
McCuaig	

NAYS

Messrs:

Adamson	Golding
Ashby	Gour (Russell)
Baker	Grant
Barrett	Graydon
Beaudoin	Hansell
Belzile	Harkness
Bertrand (Prescott)	Hazen
Black (Cumberland)	Hlynka
Blackmore	Howe
Blanchette	Isnor
Bradette	Jackman
Brooks	Jutras
Brown	Kirk
Case	Kuhl
Charlton	Lafontaine
Chevrier	Lalonde
Coté (Matapedia-Matane)	Langlois
Croll	Low
Cruickshank	McCann
Dechene	Macdonald (Halifax)
Diefenbaker	Macdonnell (Muskoka-Ontario)
Emmerson	McIvor
Fulton	Mackenzie
Gladstone	MacLean
Glen	MacNicol

Matthews (Brandon)	Robinson (Simcoe East)
Maybank	St. Laurent
Mayhew	Sinnott
Menary	Skey
Merritt	Smith (Calgary West)
Mitchell	Stanfield
Mutch	Stokes
Pouliot	Tucker
Raymond (Wright)	Tustin
Reid	Viau
Richard (Gloucester)	Winters—73.
Richard (Ottawa East)	

Mr. SENN: I was paired with the hon. member for Kent, N.B. (Mr. Leger). Had I voted I would have voted against the amendment.

Mr. BOUCHER: I was paired with the hon. member for Pictou (Mr. McCulloch). Had I voted I would have voted against the amendment, and perhaps he would have too.

Mr. STUART (Charlotte): I was paired with the hon. member for Lambton West (Mr. Murphy). Had I voted I would have voted against the amendment.

Mr. GILLIS: I was paired with the hon. member for Inverness-Richmond (Mr. McGarry). Had I voted I would have voted for the amendment.

Mr. WEIR: I was paired with the hon. member for Moose Jaw (Mr. Thatcher). Had I voted I would have voted against the amendment.

Mr. DEPUTY SPEAKER: The question is on the main motion.

Mr. E. G. HANSELL (Macleod): Before the bill is read the third time, may I indicate why I feel that I should vote for it. I too take the attitude that people in lower income brackets should have higher incomes. I too take the attitude that old age pensions should be raised. And if I had thought for one moment that, by not raising the judges' salaries, the old age pensioners would get any more, I certainly would vote against the bill.

Mr. DEPUTY SPEAKER: Order. I would remind the hon. member that the principle of the bill was approved on second reading and general discussion of the bill is not in order at this time. The motion before the house is "That the bill be now read the third time".

Mr. POULIOT: I rise to a point of order. It is my contention that the hon. gentleman is entitled to give a personal explanation at any time about the stand he takes on a bill. If he is not permitted to say why he is voting as he is, why he is supporting a bill, we might just as well shut up now, put a padlock on the chamber, and go home. To me it is the essence of liberty, the essence of parliament, that a member should be free to say why he does something in the house, and the hon. member was saying so in his splendid way. I hope, sir, you will reconsider your decision in this case.

Mr. DEPUTY SPEAKER: May I remind the house that there must be some regularity in debate. The rules have been enacted by the house for a purpose, and the purpose of second reading is to approve or disapprove the principle of the bill. On the third reading the question of the principle of the bill is not debatable. The only question that is debatable is whether or not the bill should now be read the third time. The hon. member for Winnipeg North Centre gave certain reasons why he thought it should not be read the third time and he moved an amendment accordingly. I do not wish unduly to restrict debate; my object is merely to bring that fact to the hon. gentleman's attention.

Mr. LOW: On the point of order, Mr. Speaker, I submit that we have before us now a motion for the third reading of the bill. Surely the rules of the house are all so framed as to permit any member to say why he intends to support that motion for the third reading or, on the other hand, to oppose it. If your objection, sir, is sustained, it will deny us the privilege of stating our position on the motion for third reading, and that is not in the best interests of the work of the house. In my opinion the hon. member is entirely in order in stating his reason for supporting the motion for third reading.

Mr. DEPUTY SPEAKER: The hon. member for Macleod would be in order in giving his reasons for supporting the motion for the third reading of the bill. He had an opportunity, and all hon. members had an opportunity, to give their reasons why they were for or against the principle of the bill, and that question has been resolved, the house having decided on the second reading that it was in favour of the principle. The rules of the house are so prepared that there shall not be needless repetition, and once a question has been decided it has been definitely disposed of.

Mr. ST. LAURENT: I was listening carefully to the hon. member and I do not think it was his intention to call in question again the principle of the bill.

Mr. LOW: That is right.

Mr. ST. LAURENT: I gathered that he was merely explaining his attitude towards it, without venturing upon a general discussion

of the principle. I believe that if the hon. member were allowed to continue he would not be apt to infringe the rule by a discussion of the principle, which has been decided.

Mr. DEPUTY SPEAKER: Probably I should not have interrupted the hon. member for Macleod, but I did feel that in fairness to all hon. members he should be reminded of the rule in regard to the question of discussing the principle of the bill at this stage.

Mr. HANSELL: Thank you very much, Mr. Speaker, I assure you I will stay within the rules. I would point out, however, that the member for Winnipeg North Centre in presenting his amendment made quite a little speech to show why he could not vote for the bill and why he proposed the amendment, and I am now stating why I can vote for the bill on the main motion. I have referred, however, to one or two arguments which the hon. member made. I may state now that my purpose will be fulfilled by referring to those arguments briefly, and I am not going to discuss the matter at great length.

The hon. member for Rosetown-Biggar at the last session made what I thought was a very good observation in a debate when this house was proposing to raise our own expenditures. An observation was also made by the member for Vancouver East, that he was not going to vote for that measure because he felt there were other people in need. I think there are other people in need now. In my opinion, the leader of the C.C.F. at that time gave a logical reason for his action. He said that if we thought old age pensions would have been raised at that time by our refraining from raising our own income as members of parliament, we would not have voted for the extra allowance for expenses.

I am confused about this. The hon. member for Rosetown-Biggar seems to indicate that the principle is all right when we want to raise our own salaries, but it is not all right when we want to raise somebody else's. That to me is not logical. The whole thing boils down to this. There is a false philosophy and a false thinking, that the only reason one section of the community gets more is the fact that another gets less, or that one section gets less because another gets more. That is not right, and we do not believe it. We believe that there is enough for everyone. If you pare down the top to give to the bottom, no one will have enough, and we believe that you can always raise the others up. Voting for this bill does not prevent the government from raising old age pensions. They can raise those pensions to-morrow if they want to do so. With that explanation I am ready to vote for the third reading of the bill.

Mr. M. J. COLDWELL (Rosetown-Biggar): We shall oppose the third reading of the bill, and in spite of what the hon. gentleman who has taken his seat has said regarding my logic on another occasion, I would point out that in our opinion the members of the bench, the judges, are already in receipt of salaries which in some instances are twice as great as allowances made to members of parliament who out of their own salaries must meet their expenditures. But that is not the point I wish to make. The point is that we are trying to make an effective protest against the neglect by the government of others who are sadly in need. We think this is a matter of priority, and the hon. member who moved the six-months hoist did so in order to make that protest and to emphasize it, although we shall not delay the house in asking for another recorded vote. We shall simply ask that we be recorded "on division", because we think that is sufficient. We are making a protest against this because we consider there is a priority and that those who are really in need, the old age pensioners, and those who have to live on small incomes, should have had first consideration at the hands of this parliament, and then we might have dealt with other salaries on another occasion. I repeat, it is a question of priority, and I wish to make that plain as the reason why we shall vote against the bill.

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

Mr. COLDWELL: On division.

Motion agreed to on division, and bill read the third time and passed.

COMBINES INVESTIGATION ACT

MONOPOLISTIC TRADE RESTRICTIONS—COMBINATIONS IN RESTRAINT OF TRADE—CONCURRENCE IN SENATE AMENDMENTS

Right Hon. L. S. ST. LAURENT (Minister of Justice) moved the second reading of and concurrence in amendments made by the senate to bill No. 193, to amend the Combines Investigation Act.

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): I have something to say about this. How difficult it is for members of parliament to take notice of the amendments that come from the senate. This bill has been printed since it was passed by the house, but without the senate amendments. We are precisely on the principle of these amendments. Speaking

to that, sir, I wish to praise the senate highly for the liberalism which is shown by the members of that house. Of course legislation cannot be perfect; but tolerance and justice exist in the senate, and it should be taught to those in the various departments who draft the legislation. The amendments which come from the senate are fine; they have been drafted in a broad manner. One of them, to section 6, gives more importance to the work that can be performed by judges on the one hand and on the other hand to the fact that a twenty-four hour notice shall be served on the other party, or, if less than twenty-four hours, only with the approval of the judge. That is fair. I will not insist any more about it. It is time that the house acknowledged the progress which is made in the other chamber. For a time they seemed to be indifferent to legislation which was passed by us, but there is a revival of consciousness over there and it is a good sign. There are able men in that chamber who can do a lot for their country by improving the legislation that goes from this house to the other. Since the amendments are not contained in the bill I hope that in due course the Minister of Justice will be kind enough to summarize them and show that they are real progress.

Before resuming my seat I have something else to say. It is not because we say that progress can be made that one should be offended. We are in an age of perpetual recommencement. Laws should be carefully improved by us. I am sure that with the exhaustive work of the committee, and the tremendous amount of correspondence that members of parliament have to deal with, it has been impossible for most members to read and scrutinize all the legislation that has come before us. I hope that there will be less legislation in the future. We have had too much this year; it cannot be easily digested. We have to take it for granted that this is a good bill. Members do not have the time or the opportunity to form their own opinions about it. It will be the law of the land; it will be the law that will bind Canadian citizens after it is passed and sanctioned. I hope that in future sessions of parliament we shall have less legislation and that we shall work as members of parliament with regard to statutory legislation in the same manner as the solicitor general has been acting with regard to orders in council and regulations. Our work is not to pass more legislation; it is to prune legislation that we now have and make it understandable and practicable, make it the best possible for all concerned.

Mr. M. J. COLDWELL (Rosetown-Biggar): I should like to ask the minister whether he is satisfied with the amendments which have been made by the other house. Unfortunately we have not had time to study them. I wonder whether one of them does not interfere with the effectiveness of the attempt to restrain practices which are against the best interests of people in trade. I refer to page 3, line 40, where the word "unduly" has been inserted. Section 30 reads:

> In any case where use has been made of the exclusive rights and privileges conferred by one or more patents for invention or by one or more trade marks so as:
>
> (a) unduly to limit the facilities for transporting, producing, manufacturing, supplying, storing or dealing in any article or commodity which may be a subject of trade or commerce; or
>
> (b) —

And this is the place where "unduly" has been inserted. The paragraph will now read:

> —unduly to restrain or injure trade or commerce in relation to any such article or commodity.

It seems to me that the word "unduly" limits the commissioner to some extent. I am afraid of the word "unduly," because the use of patents in this country is a matter which must receive serious consideration of the combines investigation organization. A few days ago I had a protest from a retailer who wanted to import and sell certain types of radios. He found that he could neither import nor sell, neither could an organization in the United States with safety send into this country their product because they must pay certain dues to an organization in Canada known as Canadian Radio Patents Limited. For years I have known this to be the practice. On one occasion a local teacher bought in the United States a radio for a car and a little radio for his room, brought them into this country and declared them at the port of entry. Shortly afterwards he was notified by this organization that he must not use these radios in his car or in his dwelling without first of all paying an imposition to this organization. I want to be assured that this bill has in no respect been emasculated by the gentlemen of the other place.

Mr. ST. LAURENT: I fully shared the hon. gentleman's concern when I went before the committee of the other place to discuss with them the terms of the bill. With respect to the word "unduly" which is inserted here, I do not think it makes any difference in the real meaning of the section. The word "unduly" would be quite unnecessary if we had only "to injure trade," because to injure trade is always undue. But it was argued there, and I could not deny it, that every patent does permit some restriction of trade. So having

the word "restrain" they felt that the word "unduly" should precede it, that it should be only when one went beyond what was intended by parliament to be the proper use of a patent that he should be interfered with.

Mr. COLDWELL: That is a satisfactory explanation.

Mr. ST. LAURENT: I thought that was a good explanation. It was suggested that we might take out "restrain" and leave "injure." They did not ask that the word "unduly" qualify 'injure," because if there is injury, that is always undue; but the word "restrain" in itself without the word "unduly" appeared to them to contradict the very essence of a patent, which does permit the exercise of some restraint which is not undue and is not contrary to the intention of parliament.

Motion agreed to; amendments read the second time and concurred in.

VETERANS AFFAIRS

VETERANS BUSINESS AND PROFESSIONAL LOANS ACT—CONCURRENCE IN SENATE AMENDMENTS

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs) moved the second reading of and concurrence in amendments made by the Senate to bill No. 332, respecting loans to veterans to assist in establishment of business or professionally.

He said: The amendments are minor, factual and linguistic. There is no change at all in the principle of the bill.

Mr. J. R. MacNICOL (Davenport): Yesterday I had a letter from a returned soldier living on Dovercourt road, Toronto, who is engaged with his father in the business of making candies. He bitterly complains about not being able to get the sugar with which to carry on the manufacture of their products. Here is a returned soldier, with a good record, trying to earn a living, without asking the government for pension or support; all he wants is sugar. Has this bill anything to do with those entering business being able to get the commodities they require in order to carry on their business? It may be that the bill has nothing to do with that; I have not read it, but if not with whom should I take up the complaint of this young returned hero who is unable to obtain that which he requires in order to continue his business?

Mr. MACKENZIE: If my hon. friend will take it up with me, I will take it up with the wartime prices and trade board.

Mr. COLDWELL: I really think the minister is asking us to accept something we have not seen. I have nothing before me in regard to these amendments.

Mr. MACKENZIE: They are in *Votes and Proceedings.*

Mr. COLDWELL: But *Votes and Proceedings* have just come in.

Mr. MACKENZIE: They are in the *Votes and Proceedings* of last Thursday, at page 706.

Mr. COLDWELL: Then it is my fault I have not seen them.

Mr. MACKENZIE: I can assure my hon. friend that the amendments are very minor and of no consequence in regard to the principle of the bill.

Mr. COLDWELL: If that is so, I confess it is my own fault.

Mr. JEAN FRANCOIS POULIOT (Temiscouata): There is one thing that has surprised me lately; that is, the abandonment of the policy of registration. Now we have a bill for vocational purposes. What is essential is to know the inclination of everyone. I am all in favour of an amnesty for the N.R.M.A. men, but at the same time I wonder why we abandoned the policy of registration, which is necessary if we are to adopt any vocational policy. It would have been very easy to learn from every boy at the time of discharge what was his inclination.

Mr. MACKENZIE: On the point of order, Mr. Speaker, what has national registration to do with business and professional loans for soldiers?

Mr. POULIOT: Exactly; it is for soldiers.

Mr. DEPUTY SPEAKER: This all goes to show that when the rules of the house are departed from there is some confusion. The hon. member for Davenport (Mr. MacNicol) was allowed to ask a question with regard to sugar, which had nothing to do with the bill, and an answer was given. Now the hon. member for Temiscouata (Mr. Pouliot) desires to ask further questions which in my opinion do not refer to the bill any more than the previous question did. In all fairness, however, since the hon. member for Davenport was permitted to make a brief statement, the hon. member for Temiscouata should be given the same privilege. He always abides by the rules, and I think he should be allowed to do this.

Mr. POULIOT: Well, sir, I do not want to protest against your ruling at all, but this bill has to do with the establishment, in business or professionally, of the veterans. This is a vocation, and it goes along with the bill dealing with vocational training. What I say is that there are simple ways to do

things, but those who organize the legislation never think of the simple ways. They always take the hard way.

Mr. MACKENZIE: I rise to a point of order. The only matter before this house is, does this house concur in the specific amendments made in another place to a bill already adopted by this house, both in principle and in detail.

Mr. POULIOT: I am speaking about the principle of those amendments.

Mr. MACKENZIE: I do not suppose my hon. friend has even seen them.

Mr. POULIOT: They must exist, and if so they exist in virtue of a principle; and I am speaking to that principle.

Mr. MACKENZIE: There is not a single amendment coming from the other place that affects the principle of this bill in the least.

Mr. POULIOT: Then why do they come before the house at all?

Mr. MACKENZIE: They are just improvements in draftsmanship.

Mr. DEPUTY SPEAKER: The only question before the house for consideration is concurrence in certain amendments made to this bill in the other place, and discussion can be allowed only with respect to those amendments. Probably I was remiss in my duty when I did not call the hon. member for Davenport to order, and hon. members will see the difficult position in which I am now placed as a result. May I ask the hon. member for Temiscouata at this time just to discuss only the amendments made by the senate?

Mr. POULIOT: I want you to understand, sir, that I am not trying to put up a blockade. I am here to simplify things, to make suggestions to that effect. Why should fifty or sixty members of the House of Commons be kept here to look after certain clerical changes in the drafting of a bill? That should be done by the clerks of the senate and the house at a joint conference on these matters. These amendments should never come before us if they do not change the meaning of the legislation. Doctor Beauchesne and Mr. Moyer could get together and look after this; why should sixty members of the House of Commons have to listen to that and why should you, sir, be placed in the position of having to read that stuff to the house when it is purely a clerical matter?

Motion agreed to; amendments read the second time and concurred in.

At one o'clock the house took recess.

The house resumed at three o'clock.

[Mr. Pouliot.]

INDUSTRIAL RELATIONS

PRESENTATION OF SECOND REPORT OF STANDING COMMITTEE

The house having reverted to the order: Presenting reports by standing and select committees:

Mr. MAURICE LALONDE (Labelle) presented the second report of the committee on industrial relations, as follows:

Pursuant to the following order of reference dated 16th July, 1946, namely,

> That the said committee be directed and empowered to investigate, immediately, all issues connected with and appertaining to the present industrial unrest in Canada, with power to call and examine witnesses under oath, and with power to call for persons, papers and records and take all essential evidence, and to report their findings and conclusions to the house;
>
> And that the said committee be empowered to sit while the house is sitting, and that the said committee be further empowered to employ counsel to assist them in their deliberations,

your committee immediately commenced its sittings, and held forty-eight meetings as the exigencies of the session permitted.

It was apparent to your committee that the present industrial unrest in Canada creates a condition of emergency necessitating the immediate investigation of all issues connected with and appertaining thereto.

An opportunity was thus afforded for the first time for labour and management to present to a committee of parliament such statements as the terms of your order of reference required and such are on record.

In addition your committee heard evidence from responsible officials of the wartime prices and trade board, the national war labour board and the minister and other officials of the Department of Labour, as well as the acting Minister of Finance.

The following witnesses testified before the committee, namely,

C. H. Millard, Canadian national director, United Steelworkers of America,

H. G. Hilton, president, the Steel Company of Canada Limited, Hamilton, Ontario.

Gordon MacMillan, director, Algoma Steel Corporation, Limited, Sault Ste. Marie, Ontario.

Clement Anson, general manager, Sydney steel plant division, Dominion Steel & Coal Corporation, Sydney, Nova Scotia.

The Honourable Mr. Justice W. D. Roach.

Donald Gordon, chairman, wartime prices and trade board, Ottawa, Ontario.

C. A. L. Murchison, alternate chairman, national war labour board, Ottawa, Ontario.

Arthur MacNamara, deputy Minister of Labour, Ottawa, Ontario.

A. J. Brown, vice-chairman, wartime labour relations board, Ottawa, Ontario.

M. M. MacLean, director of industrial relations, Department of Labour, Ottawa, Ontario.

Honourable D. C. Abbott, acting Minister of Finance, Ottawa, Ontario.

Mr. Pat Conroy, chairman of the wage coordinating committee of the Canadian congress of labour.

Honourable Humphrey Mitchell, Minister of Labour, Ottawa, Ontario.

Joseph MacKenzie, United Rubber Workers of America.

George Burt, director, region 7 (UAW-CIO), Windsor, Ontario.

C. S. Jackson, Canadian president, United Electrical Workers of America, Toronto, Ontario.

This is the first time that all these points of view could be placed before a committee of parliament and the Canadian people.

The committee appointed L. W. Brockington, K.C., as mediator to discuss their respective points of view with the companies and the union. Mr. Brockington reported that while he had succeeded in meeting with the parties jointly and while further offers were made by the parties nevertheless a settlement of the steel strike was not effected.

Your committee, in the light of the evidence heard makes the following recommendations:

1. (a) That the proposed dominion-provincial labour conference be called at the earliest possible moment to draft a labour code within the limits of the Canadian constitution and with a view to establishing machinery for the prevention of dislocations in industry;

(b) That in the interval much closer contact be established between the wartime prices and trade board and the regional and national war labour boards.

(c) That matters coming before the regional and national war labour boards be handled expeditiously.

2. Your committee is convinced that continued price control is only possible with a reasonable measure of wage control.

3. Your committee recommends that a measure of union security should follow certification.

4. Law being the basis of our society, your committee condemns:

(a) the policy adopted by some unions and some employers of disregarding the legal machinery provided for adjusting wages and settling disputes;

(b) breaches of the law of Canada by the use of physical force or otherwise either by employer or union.

5. Your committee recommends that the law of picketing be studied with a view to its modernization and clarification and for the purpose of making it more effective for the protection of the rights of all elements in the community.

6. Your committee recommends that the Minister of Labour may, at the request of either party to an industrial dispute, and if he deems fit, either before or after a strike is in progress, direct that a strike vote be taken under government supervision to determine the wishes of the men affected as to whether a strike will take place or otherwise.

7. Your committee recommends that the controllers appointed by order in council P.C. 2901 be instructed to implement the terms of such order with such modifications as the government may determine.

A copy of the minutes of proceedings and evidence taken before your committee as well as the exhibits filed is appended.

All of which is respectfully submitted.

Maurice Lalonde,
Chairman.

Mr. GRAYDON: I should like to ask the hon. member for Labelle, the chairman of the industrial relations committee, if it is his intention to move concurrence in the report he has just tabled and, if so, when will that be done.

Mr. LALONDE: I intend to move concurrence in the report on Monday next.

BUSINESS OF THE HOUSE

SITTING THIS DAY UNTIL 7 P.M.

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): If I might be permitted to revert to motions I should like to move:

That standing order 6 be suspended this day and that the house continue to sit after six o'clock p.m. until 7 o'clock p.m.

I have consulted with the leaders of the various parties and groups in the house and they are all in agreement with this motion.

Motion agreed to.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF TRANSPORT

Railway service—

418. Prince Edward Island car ferry and terminals—construction and improvement of terminal facilities—capital (estimated cost $4,500,000, amount required for 1946-47), $2,350,000.

Hon. LIONEL CHEVRIER (Minister of Transport): I should like to clear up some questions that were asked yesterday. The hon. member for Charlotte referred to a deduction that had been made from the salary of a lighthouse keeper in his constituency, whose name he gave. A thorough search has been made in connection with the matter brought up by the hon. member concerning deductions at Navy island bar light station, and no record can be found nor any explanation offered for the assertion that a deduction was made of $15 per month for rent. The present lightkeeper is now on retiring leave. I can give details of his salary, but I would prefer not to put them on *Hansard*. These details are clearly indicative that no charge or deduction has been made for rent. If the hon. member desires to see them, they are available.

The hon. member for Queens-Lunenburg asked a question about the construction of a radio beacon at Cross island. The reply with reference to the lighthouse establishment at Fort Point, Liverpool harbour, is that the light is functioning as usual but the lighthouse structure is being encroached upon by erosion. The immediate site is owned by the Department of Transport, and the adjacent property,

a park, is understood to be municipally owned. Negotiations have taken place with the parks branch, Department of Mines and Resources, to ascertain if they were disposed to spend any money in protecting this site, and a negative reply was received.

The arresting of erosion is always expensive and somewhat doubtful as to final results. A thorough study is being made of the situation and of the possibility of a smaller and more modern establishment being erected, somewhat in from the waterfront, is being considered.

The hon. member for Cumberland asked a question about the light at Pugwash. The answer is that at Pugwash harbour there are two ranges and two lights in operation, one east of the harbour at Steven Point, and one west of the harbour at Bigelow. There is no change at Steven Point. At Bigelow the back light was destroyed by fire on August 11, 1942, and a temporary pole light was installed on August 15, 1942. The permanent establishment became effective in May, 1943. There is no change. The same lights are in effect as were in use in pre-war days.

I would like to clarify a reply that I made to a question asked by the hon. member for St. John-Albert. I told him last evening that the sum of $236,300 had been the cost of operating ice breakers on the St. Lawrence last year. That is true, but the two vessels, the *Lapointe* and the *MacLean,* are used for other purposes as well as ice breaking, and the amount that I gave was the total amount for ice-breaking and the other work performed by the *Lapointe* and the *MacLean.* I am informed that the actual cost of ice-breaking performed by the *Lapointe* and the *MacLean* in the St. Lawrence in the fiscal year 1945-46 was $108,000.

Mr. STIRLING: May I be permitted to ask a question on a railway matter under this item?—I do not know where else to ask it. It is based on a report recently published by the British Columbia government with regard to the inquiry made by the committee on resources. It deals with the probable extension of the Pacific Great Eastern from Quesnel to Hudson Hope. The minister is well aware of the possibilities of settlement which will result from the continuation of that road. Can the minister say whether the federal government would be ready to cooperate with the government of British Columbia to assist in making available the finances necessary for the extension of this railway? The minister will remember that it has been the subject of consideration by the two transportation companies, by the provincial government and by the dominion government in years past, and it would really seem as if there was a prospect of some progress being made. In view of the desire for the settlement of returned men on suitable locations and with the opportunities which will be needed for the settlement of immigrants when they begin to come, it is most desirable that assistance be given to this prospect if it be possible.

Mr. CHEVRIER: The hon. gentleman will remember that I went into this matter at length on a resolution moved by the hon. member for Cariboo. I think the only way in which I can answer the question is this. When the legislature of British Columbia asked this government to appoint representatives on a committee to study this question, we consented on certain conditions. The committee came to certain conclusions, presented in the report, one of which was that until the traffic has increased to considerably more than it is at present—I believe 1,000,0000 tons per annum was the requirement—there would be no reason for extending the Pacific Great Eastern north to Hudson Hope.

Mr. STIRLING: The traffic on the existing line only?

Mr. CHEVRIER: Yes, together with population. The report deals with that. There are several conclusions in the report, which I dealt with on the resolution of the hon. member for Cariboo. Until the position with respect to that report is clarified I can see no opportunity for cooperating with the British Columbia government. There has been no demand for it, but if there were I can assure my hon. friend that it would be given very serious consideration.

Mr. MacNICOL: I concur in what was suggested by the hon. member for Yale. May I ask, if the railway were run north, where would it run to beyond Hudson Hope? Is it proposed to connect up with the railroad that is projected west of Peace river, past Hudson Hope and on to the west? As to the railway running north along the line mentioned by the hon. member for Yale, there is an excellent position at Hudson Hope for a bridge, one of the very best sites on the whole Peace river. At that point the river is at its narrowest and the banks are very high, about 900 feet, and more or less perpendicular. The Hudson Hope rapids are just at that point.

Mr. CHEVRIER: My hon. friend will remember that the proposal is to join the projection of the Pacific Great Eastern northerly from Prince George with the Northern Alberta railways. Several routes have been suggested in the reports tabled in this house

by previous governments. The report made by the committee on resources set up by British Columbia in conjunction with the two railways and the federal government's reports have suggested alternative routes. At the time of the discussion of the resolution moved by the hon. member for Cariboo, I commented fully on these. I have not now before me the plan and reports such as I had then. All I can say to my hon. friend is that there were alternative routes. I am not prepared to go into them in detail now, as I was on the resolution, but I can say that one of the alternative routes was perhaps the best from the point of view of physiography and of cost.

Mr. IRVINE: I am glad to hear that the minister is prepared to give the matter serious consideration if the provincial government approaches the dominion government with respect to extending the railway into Peace River. That is something. But I disagree sharply with the minister's statement that this cannot be done until traffic has increased.

Mr. CHEVRIER: May I interrupt my hon. friend to say that that was not the minister's statement. I was referring to a conclusion in the report of the committee, which is a different thing.

Mr. IRVINE: I do not care who made the report. It is a piece of absurdity to say that the line cannot be built until traffic has increased; because how can traffic increase on something that does not exist? The only route they have now is to climb over the mountains and carry the freight on their backs, which they are doing. This railway starts nowhere and ends nowhere, as I said before. It leaves a gap between it and Vancouver and another gap between Vancouver and Peace river. How in heaven's name can traffic increase on a thing like that?

Mr. JACKMAN: Item 417, Hudson Bay railway, had not been passed last evening when we adjourned. The first question I should like answered is this. In the 1945-46 comparative estimate an appropriation of $500,000 was made to cover the deficit, and yet the loss experienced in 1944-45, the fiscal year of the railway which as far as I know coincides with the government fiscal year, amounts to $564,940. May I ask where the difference came from?

Mr. CHEVRIER: For the year 1945-46 the deficit is $500,000, and for this year it is $525,000.

Mr. JACKMAN: The actual deficit, according to the statement given to the committee, was $564,940, yet the appropriation last year was $500,000. How are these two items reconciled?

Mr. CHEVRIER: I am informed that that is accounted for by a further supplementary estimate.

Mr. JACKMAN: Was that passed, or are we to have it yet?

Mr. CHEVRIER: I am further informed that the deficit for 1945-46 is $499,669, and for the year 1944-45 it was $564,940.

Mr. JACKMAN: The appropriation, according to the comparative estimates, is only $500,000 to cover the deficit, yet actually it was $564,000. Where does the sixty-four thousand come from?

Mr. CHEVRIER: By a further supplementary estimate.

Mr. JACKMAN: Is that passed, or is it to be passed yet?

Mr. CHEVRIER: It has passed.

Mr. JACKMAN: Will the minister give the committee an opinion as to the future of this railway, which is running a deficit of over half a million dollars on operating account, giving no return whatever on the capital invested in it or on the capital invested in the port facilities plus the additional amounts which have to be appropriated from time to time to keep these facilities up to the proper standard of service?

Mr. NICHOLSON: Would the hon. member suggest abandoning the line?

Mr. JACKMAN: Perhaps the hon. member would like to give it to somebody. I do not know of anybody who wants it, but I shall be very glad to hear his suggestions later on if the minister does not satisfy the committee. This railway charges no depreciation whatever on a capital investment which runs up in the neighbourhood of $50 million. As came out in the hearings a year ago, the Canadian National which manages this for the government, stated that the amounts appropriated to keep the capital investment in running order would be larger from year to year, because the railway is getting a little older and parts of it are wearing out and have to be replaced, which was not the case when it was a new railway; so we may look forward to increasing deficits unless there is an increase of revenue to offset this extra expense. What is the government spending in connection with this railway? Is it true that it has never been given a fair trial, as some hon. members have suggested on previous occasions, or is it now going to get enough wheat traffic or other traffic to establish whether it is an enterprise worth continuing; or, perhaps are there other reasons besides

the commercial reasons why it should be continued? Many of my constituents who find themselves, if single, in the $750 tax bracket, or if married, in the $1,500 class, regret very much to see $525,000 being appropriated for the maintenance of this railway, which apparently is not providing sufficient service to the people of Canada, particularly the people of western Canada, to justify its use. I understand that any grain which goes up to Churchill must be kept there, because of the period of the year in which the crops come in, until the next season, which means at least nine months' storage, and I understand the cost of a year's storage is about nine cents a bushel. While that may not be a serious impediment, because a lot of our grain is kept over from year to year, nevertheless the grain cannot be shipped out from Churchill when it it desired on the world market, except during the very short navigation season. When the government is handling the grain—a large part of our grain is handled by wheat pools, who apparently were desirous of having this railway in the first place—why is it they do not direct more grain shipments over this line in order to prove whether or not it has an economic justification? In other words I want to know whether the railway has ever been given a chance, and if not, whose fault it is; and will it be given a chance, or is it just going to be saddled on the Canadian taxpayer for an indefinite period? I happened to notice in the *Globe and Mail* this morning an editorial entitled "New Hope for an Old Problem." I quote therefrom "On the other hand, only last winter the federal Department of Transport reported most unfavourably on Churchill"—I presume as a port which could be used for a sufficient length of time during the year when it is free from ice to make it pay its way. If the minister can give the committee some information as to the future of this railway, or what we are going to do about it in the way of giving it a chance, it will be very welcome to the people of Canada.

Mr. CHEVRIER: The hon. gentleman has said that there is no charge for depreciation on the Hudson Bay railway; neither is there any charge for interest. That has been the custom and the practice with reference to this particular agency of the federal government; it is not a new thing not to charge up interest or depreciation.

Mr. JACKMAN: It is not important; it is simply a question—

Mr. CHEVRIER: Well, the hon. gentleman asked the question and I am going to reply to him. The hon. gentleman seeks to create the impression in this house that the deficits in connection with the Hudson Bay railway are so huge that if they were discontinued we would get relief from taxation. My hon. friend might well speak of other operations which result in deficits. There is not only the railway to the Hudson bay or the elevator at the port of Churchill; there are other agencies under federal jurisdiction which show budgetary deficits. It is unfortunate that they cannot be made to pay. I hope that some time it will be possible for us to devise ways and means whereby surpluses instead of deficits will be forthcoming on the Hudson Bay railway.

My hon. friend has asked a question on the present position and the policy in that connection. He asked the very same question last year. He asked too that this whole matter be submitted to the committee on railways and shipping, although it had not been the practice to do that in the past. At his request I suggested that the matter be referred to the committee on railways and shipping, and there was an opportunity of discussing it fully. But my recollection is that he asked very few questions on it. I have, however, obtained a report from the research and development branch of the Canadian National Railways concerning the operation of the Hudson Bay railway, and I would refer to it in part. The report was made by Mr. S. W. Fairweather, vice-president of research and development, Canadian National Railways. He says in part that he has taken occasion to go into this matter even to the extent of limiting train service to the summer months, and if that were done it would be possible to reduce the deficit by some $175,000 a year. But to accomplish this result would be to handicap seriously the commercial development which has taken place along the line. In the report he goes on to say that mining development has, since the end of the war, taken on a new impetus in the area. He also refers to the cutting of pulpwood along the Hudson Bay railway as a new venture which he thinks will be profitable, and he concludes his report by stating in part:

> I have reached the conclusion that present and prospective developments on the first two subdivisions, namely, from The Pas to Gillam, a distance of 326 miles, are such as to justify the continuance of the present train service and when developments in the Herb lake area take place, which are planned for this year, train service on the first subdivision from The Pas to Webowden, will likely have to be increased, so that it would not be true economy to reduce the services at the present time, even though they are being operated at a loss. I am not so clear as to the justification for continuing the winter service to Churchill. The economy which might be effected by limiting the service beyond Gillam

during the winter months might be of the order of $50,000 per year, but could hardly exceed that figure. Having regard to the above, I am satisfied that the Hudson Bay railway is being operated with a minimum of expenditure consistent with the objective of furnishing enough transportation to permit of the development of the natural resources tributary to it. With the development of a mine or mines in the Herb lake area there should be some improvement in operating results.

I may say to my hon. friend, though he knows it, that the Hudson Bay railway is operated by the Canadian National Railways, and they have been doing a pretty fair job. In fact, I do not believe that any other agency could operate it as inexpensively as does the Canadian National Railways. In view of the report made by Mr. Fairweather, I do not think it would be the intention of the government to discontinue that service.

Mr. JACKMAN: May I ask the minister what was contained in the report of his own department which this editorial in the *Globe and Mail* said reported most unfavourably on Churchill? I presume the reference was to ice conditions in Hudson bay.

Mr. CHEVRIER: I am not aware of any unfavourable report made by the Department of Transport on the Hudson Bay railway.

Mr. MacNICOL: The Hudson Bay railway would pay if at least ten million bushels of wheat were shipped to that port yearly. All the reports indicate that, and that was the information I got from the folks who operate the railway at The Pas. I found them efficient men, and the road-bed itself is one of the best I have been over. It is well built, it has excellent rails, and apparently any number of sidings to allow for a considerable movement of wheat. I should imagine that one programme the minister might follow would be to promote the shipping of at least ten to twenty million bushels of wheat a year from the west, as they are always asking, to Churchill. The port is not open in the winter, but there is a very large elevator there, one of the finest in America, built by the Minister of Reconstruction, and I believe it is capable of holding two million or more bushels. It could be filled in the fall of the year awaiting transportation opening some time, I presume, in July or August. In the meantime, wheat stored on the prairies could be sent down in trainloads to Churchill so that the moment the elevator was empty it could be filled again. It could be filled many times until in the shipping season there would be from ten to twenty million bushels shipped. I believe, from all I can hear, that the troubles of the country in regard to putting up for a yearly deficit would then be over. The wheat shipped by that route would mean, I am told, a difference of six cents a bushel to somebody—I do not know to whom, but to somebody or some organization. I am convinced it is a worthwhile programme for the minister to follow, to encourage the shipment of as much wheat as possible over the Hudson Bay railway.

Mr. CHEVRIER: I should state in fairness to the national harbours board that, immediately following the last session of parliament, its officers made the strongest representations to the wheat board along the line suggested by my hon. friend. In fact the representations made by the national harbours board to the wheat board were renewed on many occasions, but for reasons given by the Minister of Trade and Commerce it was not found possible to direct towards Churchill the wheat that we were anxious to have in our elevators.

Mr. MOORE: I wish to say a few words in connection with item 417, dealing with the Hudson Bay railway, which runs through a corner of my constituency. Naturally I am interested in its development. I was particularly interested in what the minister had to say with respect to the importance of the railway to the development of mining in that part of northern Manitoba. That was so well dealt with that I shall not labour the point. However, the farmers in both Manitoba and Saskatchewan are particularly interested in the development of the Hudson Bay route, since the use of it would facilitate the marketing of Canadian grain and save the farmers of the west a great deal of money. The member for Rosedale said that the storing of grain at Churchill would cost about ten cents a bushel; that is to say, it had to be stored during the winter months to the next shipping season. That is quite true, but under normal conditions in Canada we have to store wheat in the central elevators at the head of the lakes, at Montreal and Halifax, so that that argument, that storing the grain at Churchill would cost ten cents a bushel, is out, because the grain has to be stored in the other elevators as well.

With respect to the operation of the railway, I note the item states that there is a loss of $525,000 per annum. I think we should go back to the war years if we wish to find out whether it is possible for this railway to be operated at a profit. If we review the figures with respect to what was done on that railway during the war, we must come to the conclusion that it can be operated at a profit. During the years 1942-43, the Americans operated a large air base at Churchill and this was supplied by

the Hudson Bay railway. During these two years the Hudson Bay railway did make a profit. I checked the figures in connection with the profit and I found that nine thousand carloads of freight were transported over the road. This additional freight enabled the railroad to operate at a surplus.

Mr. MacNICOL: Ten million bushels of wheat a year would do that.

Mr. MOORE: If nine thousand carloads of freight were to be transported to Churchill in the form of wheat it would amount to some 12,250,000 bushels. If 9,000 carloads of ordinary freight would pay for the operation of the railroad for one year, I take it for granted that the same quantity of wheat would also pay for its operation.

According to the Minister of Reconstruction, who spoke on this subject last year, the facilities at Churchill were built to handle a large quantity of wheat in a short space of time. He also told us that it would be possible to handle approximately twenty million bushels of wheat during the shipping season, which at the present time is estimated to be about ten weeks. It would require something like 15,000 cars to transport twenty million bushels of wheat. Therefore I take it if we operated this road to its fullest extent during the season which the government has indicated it could be operated, it could be operated at a profit.

I should also like to say a word or two about the Churchill route. I notice it is commonly referred to as a route which is not proven. It is not certain how long it can operate. This year six vessels of the Dalgliesh Steamship Company, which is located at Newcastle-on-Tyne, England, are coming to Churchill. I wrote to the Dalgliesh Steamship Company and asked them for information with regard to use of the Churchill route. I asked them a specific question with respect to the use of radar on their ships, and this is their reply:

> The radar sets used by the services are not perfect for the use of the merchant navy—as you can imagine, they were required largely for dealing with enemy action and not primarily for navigating a ship. There have been very few radar sets fitted on tramp vessels so far. We ourselves are now fitting one to one of our vessels which we hope will prove satisfactory and give us some idea of the scope of the help which will be afforded to our crews.
>
> It may be possible to get one of the vessels proceeding to Churchill this year fitted with radar, which would give us some idea of the scope of the help provided.

I would ask hon. members to listen to this:

> I am quite certain that with these devices fitted we can make the passage to the Hudson Bay as easy navigationally as the passage up the St. Lawrence.

[Mr. Moore.]

This letter came to me under date of June 17 this year.

I should now like to refer to the future of the country through which this railroad runs. It runs through a large mineralized area stretching from just north of the Pas to Ilford. Its possibilities cannot be overestimated; in fact it is generally conceded by geologists, who are in a position to know of the minerals which exist in this area, that so far few of them have been developed. Pulypwood and lumbering operations are also carried on, and these can be extended.

Mr. MacNICOL: And millions and millions of pit props.

Mr. MOORE: I should like to refer to the shortage of coal in Canada. At the present time vessels which come to Churchill are apt to be ballasted with sea water. Is it not possible to have vessels which will be coming there in the near future loaded with coal, if it is possible to get it in England, and transport it to Canada to help relieve the serious coal shortage which now exists?

Mr. CHEVRIER: May I say one word in connection with a statement made a moment ago that the storage at the Churchill elevators costs from eight to nine cents a bushel. I have not at hand the report of the national harbours board—

Mr. MacNICOL: I did not say anything like that.

Some hon. MEMBERS: The hon. member for Rosedale did.

Mr. JACKMAN: I said about three-quarters of a cent a month, or a little less than nine cents a year.

Mr. CHEVRIER: The matter is clearly set out in the report of the national harbours board, which is not before me at the moment. The report would indicate that the storage on about 1,800,000 bushels of wheat for the year is more in the neighbourhood of about 2·6 cents a bushel than eight or nine cents, which makes a considerable difference.

The ACTING CHAIRMAN (Mr. Golding): Item 417 has been carried. The hon. member for Rosedale asked permission to refer to it.

Mr. JACKMAN: No; according to my recollection, and the report in *Hansard,* item 417 was not carried last night.

The ACTING CHAIRMAN (Mr. Golding): Item 417 was carried.

Mr. NICHOLSON: I was on my feet last night; it certainly was not carried last night.

Mr. JACKMAN: It was not carried.

Mr. NICHOLSON: I do not wish to delay the committee much longer. I think the serious comments made by the hon. member for Rosedale do not help to create better feeling in this country. I am glad that his colleague, the hon. member for Davenport, took part in the discussion. I am sorry that he was not present to hear the comments of the hon. member for Rosedale, or he would have spoken a little more emphatically. I am sorry the leader of the official opposition was not here, or he too would wish to say something about the disparaging remarks of the hon. member for Rosedale.

Mr. GRAYDON: Your leader is not here.

Mr. JACKMAN: On a point of privilege, I said nothing disparaging about the Hudson Bay railway. What I asked for was information. I asked about the government's attitude toward the statement made last session by the hon. member for Regina City, who asked if this railway had been given a fair trial. That was what I was asking the minister.

The ACTING CHAIRMAN (Mr. Golding): I should like to call the attention to the fact that item 417 is carried and was recorded in the *Votes and Proceedings,* which is the official record of our proceedings. *Hansard* may not record it, but it is recorded here, and as hon. members will see it is also recorded in the *Votes and Proceedings.*

Mr. GRAYDON: On a point of order, these things often crop up in our discussions. I realize that it is difficult for the chairman and the members of the committee always to agree on what has been carried in the great rush and pressure of business towards the end of the session. My recollection is that item 417 was not carried last night. I know quite well that the chairman and the assistant clerk have records to the contrary. I do not wish to put my word against the word of other hon. members. Either one of us may be right. In view of the obvious confusion in connection with it I suggest that it would not be right to shut off discussion on the item at this time. Perhaps with the consent of the committee the chairman will allow us to discuss the item.

The ACTING CHAIRMAN (Mr. Golding): I should like to say to the committee that it is the duty of the chairman to call the attention of the committee to the fact that an item is carried when a further lengthy discussion takes place. However, I believe the committee is anxious to continue discussing this particular item and that I should permit whatever discussion is desired.

Mr. NICHOLSON: At page 4962 of *Hansard* I find the following: "Item stands."

The ACTING CHAIRMAN (Mr. Golding): That is not the official record.

Mr. NICHOLSON: I submit that when the *Hansard* reporters and members of the committee heard "Item stands" at eleven o'clock last night, certainly it was not clear that it was carried. *Hansard* also records that the hon. member for Rosedale asked that the item stand.

The ACTING CHAIRMAN (Mr. Golding): Order. If hon. members wish to continue to discuss the item I shall permit it.

Mr. NICHOLSON: I am very glad the hon. member for Rosedale has made his position clear, and that he did not wish his remarks this afternoon to be interpreted as I had understood them. The people I represent in parliament still feel that this route has not received the consideration it deserves. For some years I have lived at Hudson Bay Junction, which is 594 miles from Churchill. By rail we are 832 miles from Port Arthur, at the head of the lakes, and we have always found it difficult to understand why more of our grain is not moved over this more direct route. The distance from Churchill to Liverpool is approximately the same as the distance from Montreal to Liverpool; but now, at the beginning of the shipping season at Churchill, it is hard for us to understand why the elevator was not filled.

Mr. MacNICOL: It was filled to overflowing.

Mr. NICHOLSON: My understanding is that it was not filled when the boats went in there. Perhaps the minister can put us straight on that; my information is that it was not full. Certainly there has not been much grain moving to Churchill in the past few weeks; and considering the very serious shortage of food in Europe and the shortage of box cars for use at harvest time I cannot understand why arrangements were not made to use these terminal facilities to capacity and have the railway trains moving the grain that is available on the prairies up to that point. On several occasions it has been demonstrated that grain could be moved in there very quickly and loaded on ships in the minimum of time. In view of the fact that the route did not have a fair chance during the war I think people were quite justified in expecting that it would be used to capacity this year. Would the minister indicate whether the elevator was full at the beginning of the season?

Mr. CHEVRIER: My hon. friend is certainly persistent in asking that question. However, I shall try to answer it satisfactorily. I told the hon. member for Davenport that the national harbours board had made very

strong representations to the wheat board in connection with the movement of grain through Churchill. The wheat board have taken the position that they will move new crop wheat to Churchill if sufficient tonnage is available to take it to its overseas destination prior to the close of navigation this year; and as I shall indicate in a moment there is sufficient shipping in sight to move the grain at present in storage at Churchill. But because of the very short supply situation it would be impossible to move further wheat to Churchill from the 1945 crop, and it is really doubtful if supplies from the 1946 crop could be moved in time to be available for shipment, that is if tonnage were available. I think hon. gentlemen will agree that if a substantial stock of wheat from the new crop were moved to Churchill and had to be housed there until August of next year, when the navigation season opens, there might be considerable criticism in view of the world demand for all possible grain to be shipped at the earliest possible moment.

The elevator capacity at Churchill is 2,200,000 bushels, and the present stores are indicated as 1,800,000 bushels. Some six ships have been made available to take out this wheat. I have before me the schedule of vessels for grain loadings at Churchill. One of these ships, the *Mount Revelstoke Park,* arrived on August 10 and departed on August 15, carrying 335,000 bushels of wheat. The *Hillcrest Park* arrived on the 12th, the *Essex Trader* on the 13th, the *Rocky Mountain Park* on the 15th, and two others, the *Whiteshell Park* and the *Bellwood Park,* have not yet arrived but are expected on the 19th and 21st respectively. These ships have a carrying capacity of 8,500 tons, and it is expected that this shipping will take care of the grain now in the elevator.

Mr. MacNICOL: I should like to add a further word, because this is a very important subject. The Minister of Reconstruction is in the chamber, and he will bear out what I have to say. The Minister of Transport told us the elevator at Churchill had only about 1,800,000 bushels, and perhaps that is correct at the present time. When I was there it was full to overflowing. I was told by the man in charge that it had something over 2,000,000 bushels at that time, but that was five years ago. No wheat has moved there in five years, however, because it could not get out, owing to war.

Mr. CHEVRIER: That is quite correct.

Mr. NICHOLSON: Some was shipped to the United States.

Mr. MacNICOL: How?

Mr. NICHOLSON: By boat.

[Mr. Chevrier.]

Mr. MacNICOL: Well, I suppose they could do that. The Minister of Reconstruction built one of the finest elevators in the world there, and he knows the unloading capacity. I have just forgotten it; I believe it is 60 carloads an hour, though it may be more and perhaps I should not quote a figure at all when I am not sure. In any case I believe we have at Churchill the very fastest loading and unloading equipment in the world to-day. I wonder if the Minister of Reconstruction himself believes that conditions would warrant the construction of one or two more elevators of this kind at Churchill, so that when wheat could be transported from the prairies to Churchill in the off season the elevators could be filled and made ready for shipment in July or August, when the boats returned. In that way I believe the port would be able to handle something between ten and twenty million bushels of wheat a year. I spent three or four days there and made very exhaustive inquiries and from what I heard I believe that could be done. If we could ship ten to twenty million bushels of wheat a season from the prairies through the port of Churchill, with the proper elevator facilities there, the whole problem of deficits on the railway would be solved.

Mr. KNIGHT: I am deeply interested in this question. The people surrounding the city I represent in this house are vitally concerned with the success of the Hudson Bay railway and the Churchill route. Furthermore, in spite of repeated attacks upon it made by certain interests and the representatives of those interests in this country, we believe ultimately this route will be successful. I understand there is a chance that some time in the future the western governments will see to it that the route becomes a success, if no one else will undertake to do so. However, that is by the way.

When the minister was on his feet he said he thought the six ships at present at Churchill or en route there would take care of the wheat now in that elevator. I quite agree with that statement, and I am just afraid of something else in that connection. Three days ago I asked the Minister of Trade and Commerce if it was true that there was a shortage of 100,000 bushels of wheat at this port which was required to fill to capacity the six ships in question. The minister said he thought that information was incorrect, but that he would look into it. Since that time I have heard nothing from the minister, but I have been talking to the officials of his department and I cannot get any very clear statement on that point. Has the Minister of Transport any information in that regard? Before he answers that question may I say

that the officials of the Department of Trade and Commerce say they have been in communication with the shipping authorities, I believe with headquarters at Montreal, and with the wheat board, having its headquarters at Winnipeg, but as yet they have not been able to answer my question, whether it is a fact that one of these six ships brought to Churchill at such cost will have to go out again with a partial cargo. The members of the Hudson bay route association are vitally concerned that that should not happen. The Hudson Bay route has received many black eyes and they are anxious that it should not receive any more. We are anxious that the wheat should be there. If it is not there, it should be found immediately so that this ship may go out with a full cargo. Can the minister give any further information?

Mr. CHEVRIER: I am afraid I cannot add anything to what I said in answer to the hon. member for Mackenzie, namely, that the six ships whose names I gave had a sufficient tonnage to take out the 1,800,000 bushels of wheat. I am sure the hon. member will realize that the national harbours board is interested because of the revenue received from storage, but the movement of grain and wheat and the like is under the jurisdiction of the Minister of Trade and Commerce.

Mr. McLURE: There are many hon. members in this house who have made trips to Prince Edward Island and who know under what conditions they have to travel across to that island even when they are at their best. I should like the minister to give a report with regard to the construction and improvement of the terminals for which provision is being made in item 418. I am sure if these terminals are improved it will be an encouragement to the people who travel there and who we hope will come again.

Mr. CHEVRIER: The construction of a new car ferry will of necessity mean the providing of additional facilities at the terminals, and the estimate of the cost at Borden and Tormentine will be in the neigbhourhood of $2,350,000 for the fiscal year 1946-47. The estimated cost of the construction of both terminals is $5,458,000. As far as the present position at Tormentine is concerned I can tell my hon. friend that tenders have been called by the Canadian National Railways. While the contract has not been awarded, the Canadian National Railways are negotiating with the Canadian Dredge and Dock Company Limited, the lowest bidder, and I presume they will enter into a contract with them in due course. So far as Borden is concerned, tenders were called for but there were no bidders. It is proposed to readvertise the work on a different basis in the hope that a bidder for the work can be obtained.

Mr. McLURE: Would that amount include the dredging?

Mr. CHEVRIER: Yes, all the dredging.

Item agreed to.

Railway service—

419. To provide for the construction of an icebreaker-railway car-highway vehicle-passenger ferry vessel for the Prince Edward Island car ferry service, estimated to cost $5,000,000. Amount required for 1946-47 (revote $598,180) —capital, $2,000,000.

Mr. McLURE: This vote is to provide for the construction of an icebreaker and so on at an estimated cost of $5,000,000. The estimates for 1943 contained an item of $3,000,000 but very little work was done in that year. The money was revoted in 1944, when there was an item of $2,400,000 of which $2,300,000 was a revote. In 1945-46 there was a vote of $2,342,500, and now in 1946-47 we have item 419 for $2,000,000, which includes a revote of $598,180.

The expenditures to date have been $700,000 in 1944, $1,525,000 in 1945, and now we have a vote of $2,000,000 in 1946-47. Even if this money is all spent before the end of the year, according to the estimated cost of this ship it will be only three-quarters constructed at that time. The people down there are anxious to know when they can expect this ship to be completed and in operation. It was definitely promised to us in 1945. Then we had another promise for September 1946. The latest promise was for December, but no year is specified. While four months remain in 1946 during which considerable work could be done on this ship, I think it is safe to say that there is not one chance in a thousand of its being in service in 1946.

Mr. CHEVRIER: My hon. friend, speaking in that vein, will certainly not hasten delivery.

Mr. McLURE: I do not think I am any detriment to the progress of the work, because I have urged with all my power that it be continued. I will repeat that. From the information I have I do not believe there is one chance in a thousand that she will be in service in 1946, unless the days of miracles are not over. I would go further and say that I have doubts whether she will be in service in 1947. Perhaps I am a little pessimistic, but judging from the way the work has been going on and from the reports received down there, I cannot see any hope.

I am mentioning this in the hope that the minister will endeavour to have those who have the contract put on more men. I do not think they are held up for materials at the present time, or at least we have no information on that. The boat could have been built five years ago in the United States. When the S.S. *Charlottetown* was lost in June, 1941, the United States had not yet declared war and there was plenty of opportunity to have this ship built in their shipyards. However, that has been lost to us and Prince Edward Island has been a greater sufferer thereby.

In dealing with this matter, I do not want to say anything that is unfair in any way. I simply wish to place before the minister the terrible conditions with regard to shipping in Prince Edward Island. Our farmers have already become very uneasy with regard to the shipments they expect to make this coming season. I hold in my hand a copy of a letter dated July 12, 1946, which was sent to the Prime Minister by the potato growers' association, drawing to his attention what they are looking for by way of having this ship completed for 1946, and among other things, they say, in conclusion:

> We respectfully urge you, honourable sir, that you as head of all departments will see that every possible effort is made to have the new ferry reach us in time for the traffic of this coming winter.

There have been all kinds of representations made to the department, all urging the early completion of this ship.

Another thing that has tied up our transportation facilities and given our tourist business a black eye has been what I might call the neglect with regard to the repairs to the *Prince Edward,* a ship which has been in service all winter. We know that she had to be repaired, and after she had gone in for repairs we were furnished with an auxiliary ship at the beginning of the tourist season. Just when the tourists were starting to come in many of them could not get across the strait on time and had to sleep in their cars all night on the Tormentine side. The government of Prince Edward Island spends some $25,000 a year in advertising for tourist business, but any friends they make in that way are simply wiped off the map by the delays of the dominion government. The whole thing seems to be more or less of a muddle and we can get no satisfaction as to when we can depend on the new ship being in service.

May I draw to the attention of the committee the opinion of the premier of Prince Edward Island regarding this matter. In a speech in the local legislature in March last he said:

> It seems to me that under the terms of confederation, when something has happened to interrupt our communication for which the dominion failed to make adequate provision, we have a claim against Canada for the loss sustained. The delay of even a day or two might bring up claims of thousands of dollars. I believe that we should claim from the dominion government, on account of delinquencies on their part for transportation across the straits, hundreds of thousands of dollars—it may be millions.

That is from the Liberal premier of our province. Our people in Prince Edward Island are most anxious to-day because the situation is so serious. Here we are with the expectation of shipping at least 9,000 to 10,000 cars of potatoes this fall. That is quite a lot to be carried over by the one steamer. Should we have to hold over some of that crop until the winter season and should the old ship happen to break down, look what a loss that would be to our farmers!

I might state further that, because of the hold-up this summer, the coal shortage has become almost desperate there; and with coal to come in, and the shortage of refrigerator cars for potatoes, we are going to have a real bottleneck in transportation in Prince Edward Island. The minister may think I am simply making complaints, but I am not making these representations by way of complaint at all. I simply wish to place before the committee and the minister how serious the transportation situation is there, in the hope of arousing his very best interest. I am sure that if he will look into the matter we shall have his support and that our shippers and our whole transportation system will benefit.

Mr. CHEVRIER: I may tell the hon. gentleman in answer to his representations that I have keenly at heart the position with respect to shipping between Prince Edward Island and the mainland. I am glad that he has brought these representations to my attention, but I can tell him that not a day of the week passes without the members from Prince Edward Island who sit on this side of the house making representations to me with reference to the car ferry and the island shipping situation generally.

The hon. gentleman said that the car ferry was definitely promised for September of 1946. I am sure the hon. member does not want to be unfair and I am sure he did not intend to make that statement. The car ferry was never promised definitely, to use his own words, for September of 1946. What was told to the hon. gentleman was this, that if deliver-

ies could be made on schedule the car ferry would be delivered. The hon. gentleman says that the delay is due to the federal government. Let me assure him that the delay is not in any way due to anything which the federal government is doing; quite the contrary. The contract was given to a responsible contractor. He is unable to obtain deliveries of material and of the equipment that is required. The strikes that have been taking place across the country have contributed to the delays, and I am sure my hon. friend is as familiar with that as I am. There are important items of equipment which enter into a ship such as pumps, switchboards and panel boards which were promised almost a year ago and have not yet been delivered. Surely that is not the fault of the contractor in any way. I invite my hon. friend to go to Sorel and see for himself, as hon. members from Prince Edward Island on this side of the house have done. I will make the trip just as readily available to him so that he may go and see for himself that, if there is any delay, it is not in any sense due to the contractor.

My hon. friend referred to the potato situation. Surely he must know that if there has been delay with reference to that it is because of the shortage of refrigerator cars. Many of these cars have come into Canada from the United States, and they have had to be returned; in the United States there is a shortage of no less than 25,000 railroad cars. The shortage exists not only in the hon. member's end of the country, it is all over Canada; and while I feel for his province I must tell him that the position is the same throughout Canada. I am hopeful that it will be righted in the near future, and I can tell the hon. member without hesitation that if there is anything the minister can do to expedite the delivery of the new car ferry for Prince Edward Island he may rest assured that it will be done.

Mr. McLURE: I just want to say that, even if this shortage of materials did exist, since 1943 many vessels have been launched by the same construction company, and possibly they have taken some of the material which we should have had for our ship.

With regard to the very kind invitation the minister extended to me to go to Sorel, I should have liked to go with the hon. members from his side of the house when they visited that city, but I did not know of it until they came back. They gave an optimistic report of the construction work; no doubt they had to keep whistling pretty well to keep up the spirits of the people down home, but I believe that if they would express their conscientious beliefs on this matter they would have their doubts, as I have, that this cannot be completed in 1946, and if construction work is not pushed I doubt if she can be constructed in 1947. However, we have gone over this. I thank the minister for his very kind words with reference to our condition, and I should like to go oue step farther. He promised to come to our province last season; at least, he was so reported in the press.

Mr. CHEVRIER: Well, I hope to go.

Mr. McLURE: I know he has been busy. As one of the members for Prince Edward Island I invite him to come this season. He will need a holiday when this session is over; why cannot he spend a week or ten days with us, and we will try to make it so pleasurable for him that everything he has experienced here which may have been discourteous or disagreeable will be forgotten? I do not know whether I understood the minister to make the statement that the ship "won't be constructed if you talk that way." I do not know what kind of talk he meant, but I should like him to explain that.

Mr. GRANT: Some hon. members think I should say something on this item. The hon. member for Fraser Valley was urging me to do so, but it was not my intention to say anything at all, for I wish to get home as speedily as possible.

Mr. COLDWELL: On the ferry?

Mr. GRANT: I am very proud to see that the estimates contain two items of over $5,000,000 for a new car ferry and $4,500,000 for an extension of and repairs to the pier. Since the minister has said what I intended to say, I can be very brief. I would point out to the Tory member for Prince Edward Island that it comes with very bad grace from him to talk about transportation at the present time in this house, because he was here between 1930 and 1935, and I would say that during that period anything the farmers could sell for export could easily have been taken over to the mainland on a rowboat.

Item agreed to.

420. Strait of Canso—Surveys and investigations, $60,000.

Mr. GRAYDON: When I was over to Cape Breton island some time ago I was impressed, as I think everyone is who takes that trip across the strait of Canso, with the great lack of convenient accommodation and transportation from the mainland to Cape Breton. If my humble views, as one who comes from central Canada, may help

the minister in expediting the provision of better transportation across the strait, I should like to add my voice to those who from time to time have brought up this subject in the house. The strait is not very wide.

Mr. MacNICOL: A mile.

Mr. GRAYDON: As the hon. member for Davenport, who is an expert on matters of this kind, has pointed out, the width is probably not more than a mile, and it would seem to me that something more than a ferry is required. I see that the item provides $60,000 for surveys and investigations. I am hopeful that the minister will be able to tell the committee that it is the policy of the government to provide a bridge or causeway of the proper type with adequate carrying capacity, and that it will be carried out within the near future in the interests of the people of Cape Breton.

Mr. CHEVRIER: I have been asked that question so often and have made a reply so often that I am sure my hon. friend will not want me to elaborate greatly on it. It cannot be decided what type of construction or what works will be effected at the strait of Canso until such time as the survey has been completed. This vote of $60,000 provides for a survey to ascertain what the bed of the gut consists of, whether it is rock or mud or clay, and until the survey and the engineer's report are completed I shall not be able to tell the hon. gentleman what type of construction may be adopted.

Mr. GRAYDON: When was the survey started, and what progress has been made up to date?

Mr. CHEVRIER: I gave a full report to the hon. member for Cape Breton South on two occasions, and again last night. Perhaps the hon. member was not in the house at the time—

Mr. GRAYDON: I was not.

Mr. CHEVRIER: —but if my hon. friend looks at *Hansard* of yesterday he will find a fairly complete report on the matter.

Mr. BLACKMORE: I should like to congratulate the minister and the government upon providing for this expenditure to improve conditions in Prince Edward Island. I am happy to realize that the government is approaching the future with courage and even with aggressiveness; this is as it should be. Too often governments, after a war is over, think of nothing but retrenchment, belt-tightening, and all that sort of thing. That is not the kind of policy which will make Canada great and strong. I commend the government for reaching out and spending some money to improve conditions in the maritimes; and as a western member I think perhaps a word of commendation may be of some value.

Item agreed to.

Railway service—

421. Canadian government railways — Construction and improvements of drainage works at Fairview subway, at Halifax, N.S.—capital, $40,000.

Mr. MACDONALD (Halifax): This vote will, I hope, help to end a menace and a nuisance that has existed in Halifax since 1916 when the Fairview subway was built as part of the Halifax ocean terminals project. It is the main exit out of the city of Halifax, and it presents two problems, one having to do with flooding and the other with the passage of traffic. The vote here is for the construction of improvements to drainage works at Fairview. It is quite true that flood conditions there, following torrential rains, render this subway impassable at times, but there is also great danger to traffic moving to and from the subway, in and out of the city. What I wish to inquire about is whether this vote will cover not only drainage and improvements but also improvements to the subway, so that it will help to make the passageway safer for traffic. It is a problem which concerns not only the Canadian government railways but the department of highways of the Nova Scotia government and, as well, the city of Halifax. All three parties should be interested in the work to be done, and I would ask the minister whether he has the approval and concurrence of the provincial highways department and the city of Halifax for the proposed work.

Mr. CHEVRIER: This item of $40,000 has to do with drainage only and not the reconstruction of the subway. I am informed that the city of Halifax will contribute $5,000 toward the drainage work and that this scheme in connection with drainage has the approval of both the provincial and municipal authorities.

Item agreed to.

Railway service—

422. Maritime Freight Rates Act—To hereby authorize and provide for the payment from time to time during the fiscal year 1946-47 to the Canadian National Railway Company of the difference (estimated by the Canadian National Railway Company and certified by the auditors of the said company to the Minister of Transport as and when required by the said minister) occurring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (upon

the same basis as set out in section 9 of the said act with respect to companies therein referred to) on all traffic moved during the calendar year 1946 under the tariffs approved on the eastern lines (as referred to in section 2 of the said act) of the Canadian National Railways, $3,042,000.

Mr. MACDONNELL (Muskoka-Ontario): As I understand this, for some reason which I wish the minister would explain it is thought desirable to charge the transport department with $3,000,000 in this item and virtually a million dollars in the next by way of giving indirect relief to the Canadian National Railways. Is this correct?

Mr. CHEVRIER: The first vote has reference to the reduction in tariff tolls on traffic over the Canadian National, and the following vote is in respect of reduction in tolls on traffic over railways other than the Canadian National, east of a point in the province of Quebec. I believe it is Diamond Junction.

Mr. MACDONNELL (Muskoka-Ontario): This item is necessitated by reason of the fact that certain relief in tolls is given because, as a matter of policy, it is felt not desirable to ask the Canadian National Railways to carry that load?

Mr. CHEVRIER: Perhaps I should say that it is done by act of parliament under the Maritime Freight Rates Act, passed by this house.

Mr. MACDONNELL (Muskoka-Ontario): There is no one who is more anxious to see the Canadian National Railways do well than I am, nor is there anyone who believes in it more than I do. Second, I feel that in the past parliament has done wisely to relieve the Canadian National Railways, as it has done, from some of the excess capitalization due to the fact that several railways were combined in it. But that is a different matter from this. I simply wish to raise the question whether it is wise to have this charge, which I think is one that should be borne by the Canadian National Railways. It is an indirect way of increasing the revenue of the Canadian National by $3,000,000, if I understand it. I suggest that it is the interests of clarity and in the interests of the Canadian National itself to have its full picture clearly given as one, and not to find $3,000,000 here, which I suggest should be in their account.

Mr. COLDWELL: Is that the right interpretation? I understood that this was not to relieve the Canadian National Railways but rather to relieve the people who live east of Diamond Junction.

Mr. HOWE: And there is $900,000 for the Canadian Pacific.

Mr. COLDWELL: Yes, on the same score.

Mr. MACDONNELL (Muskoka-Ontario): Let us be clear. I said that it was to relieve the people. It is necessitated by reason of the fact that it is considered desirable to give toll relief to those people and I am not questioning that, but I submit that it is unsound to have that $3,000,000 tucked in here, because it distorts the true picture of the Canadian National to that extent. If it is desirable to give these people relief, that means that the Canadian National earns $3,000,000 less. I am not questioning that, but I should like to know what the Minister of Reconstruction thinks about this, because he has spoken about peculiar methods of financing.

Mr. HOWE: This is done in consequence of an act of the Canadian parliament. The statute was passed to implement the Duncan report, which stated that the people of the maritimes were unduly handicapped by geography in maintaining a competitive position with the rest of Canada.. It was not a matter for the Canadian National Railways. It had no obligation to correct the geography of Canada; that was for parliament. The Canadian National applies the same standard rates to the maritimes as to other parts of the country. The rates are the same, and because parliament decided that the position of the maritime provinces in respect of transportation should be recognized, reductions in rates were made a charge against all the people of Canada.

Mr. MacNICOL: It would not be there unless the freight rates were reduced, and the government votes the money to the Canadian National Railways and the Canadian Pacific so that the people in the maritimes can do business.

Mr. HOWE: It is a statutory obligation.

Mr. MACDONNELL (Muskoka-Ontario): That fact is neither here nor there. The authority that made the statute can change it. I simply suggest that we should understand what it is.

Mr. COLDWELL: I am wondering what alternative policy the hon. gentleman would suggest.

Mr. CHEVRIER: You would have to amend the Maritime Freight Rates Act.

Item agreed to.

Pensions and other benefits—

427. Railway employees' provident fund—To supplement pension allowances under the provisions of the Intercolonial and Prince Edward Island Railway Employees' Provident Fund

Act so as to make the minimum payment during the period January 1, 1946, to March 31, 1947, the sum of $30 per month instead of $20 as fixed by the said act, $19,200.

Mr. CAMPBELL: I should like to know from the minister exactly how the railway employees are pensioned, if they are pensioned. I have noticed, especially in the last two years, that there are a great number of old men working on the railways. I would say that many of these men look as if they were close to seventy years old, particularly the engineers and conductors. Is there any way of pensioning them before they are absolutely worn out? Last winter I was informed by a group of railway workers that, after an engineer is pensioned off, his average span of life is two years.

Mr. HOMUTH: Not in Ontario.

Mr. CAMPBELL: Is there anything in the Pension Act to permit their being pensioned before they are worn out, or do the railways take everything out of them before they pension them?

Mr. CHEVRIER: The item now under discussion has to do with the railway employees' provident fund, and it is sought to add to that to the extent of $19,200. The Intercolonial and Prince Edward Island railway employees' provident fund provides for the payment to retiring employees a monthly allowance of one and one-half per cent for each year of service of the average monthly salary received by each employee for the eight years immediately preceding his retirement, such monthly allowance to be not less than $20. Because of the increased cost of living, that was augmented by $10 to raise the amount from $20 to $30, and for the purpose of looking after this increase a vote of $19,200 is included in this item.

Mr. CAMPBELL: Is there any retirement age?

Mr. CHEVRIER: I believe it is sixty-five.

Mr. HOMUTH: The retiring age is sixty-five, but if a man has perfect eyesight and so on he may carry on for another two or three years. They are doing that on the railways.

Mr. HOWE: The railways did that during the war, but it is not usual railway practice.

Mr. HOMUTH: Because of lack of experienced men they have been doing it. These are things that one expects in the ordinary course of carrying on a business.

Mr. KNOWLES: It should be clear that the matter covered by this item relates only to a limited number of railway employees.

[Mr. Chevrier.]

Mr. CHEVRIER: I made that clear in answering my hon. friend.

Mr. KNOWLES: I am sure the minister did, but I was not sure that it was understood because of the discussion that has since taken place. Has any consideration been given to the enactment of legislation in Canada similar to the railroad retirement legislation in the United States? As the minister knows, I am keenly interested in a pension dispute which I am now discussing with the Prime Minister and the Minister of Labour. Without going into it in these estimates, may I say it is my conviction, as a result of the study I have made of railroad pension systems, that it would be definitely advantageous if a plan similar to that in the United States were in force in this country. I realize that there is a stock answer to the effect that it is a matter of government policy to be made known in due course. Is consideration being given to this matter?

Mr. CHEVRIER: All I can tell the hon. gentleman is that the Canadian National Railways has its own pension scheme. This matter did come up in the committee on railways and shipping, and while I can speak only from memory, I think the president of the Canadian National Railways did say in effect that consideration had been given to the United States method of retirement but that its own scheme was working fairly satisfactorily.

Mr. KNOWLES: That is true with regard to the Canadian National scheme, but the Canadian National is not the only railway in Canada.

Mr. CHEVRIER: That is true.

Mr. KNOWLES: We do have some trouble with the other railroad on pension matters.

Mr. CHEVRIER: I am sure the hon. member will admit that the jurisdiction which the Department of Transport will have over other railways is certainly limited.

Mr. KNOWLES: While I have no desire to get into the old argument to-day, my view is that a service as nationwide in scope as transportation, in effect, a natural monopoly —at least it should be—which is woven so completely into the economic life of the country is such that it should be in a little different category from one we sometimes regard as an ordinary private business. It does seem to me that the employees in the transportation field should receive more complete coverage than is provided at present.

Mr. POULIOT: May I be permitted to say a word? This item dates from the time that the Intercolonial was a government railway,

a time when the cost of living was much lower than it is now. Naturally the pensions are not so high as they are under other schemes. Some representations have been made to my colleague the hon. member for Levis and to myself to try to adjust the figure by having an increase paid to these people who have been superannuated under the old Intercolonial railway scheme. It takes some time. I spoke to the minister about the matter and he seemed to look at it favourably. I hope that in the near future the claims will be adjusted fairly.

Item agreed to.

Government-owned enterprises—Deficits—Transport—

469. Amount required to provide for the payment during the fiscal year 1946-47 to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport made from time to time by the national company to the Minister of Finance and to be applied by the national company in payment of the deficit (certified by the auditors of the national company) in the operation of the Prince Edward Island car ferry and terminals arising in the calendar year 1946, $707,000.

Mr. McLURE: I asked a question before as to why this item is called a deficit when the other expenditures on canals are not so defined. I did not get the full meaning of what the minister said. When the money for both these matters comes out of the same fund why should our system be called a deficit and the canals not? I should like to have some explanation.

Mr. CHEVRIER: I thought I dealt with that last night in answer to a question by the hon. gentleman, but I can add this remark: the reason for it is that the revenue from the car ferry is applied against the expenditures and the net result is the deficit.

Mr. McLURE: Has the minister a breakdown of the item? I am not asking for it to-day.

Mr. CHEVRIER: I can give it to the hon. gentleman. The total operating revenues estimated for 1946 are $142,000. The total operating expenses are $836,500; net operating deficit, $694,500; interest on unfunded debt $12,500, making a total net income deficit of $707,000.

Mr. McLURE: That would include repairs to the ships as well?

Mr. CHEVRIER: Yes.

Item agreed to.

Demobilization and reconversion—Transport—

620. To provide for facilities and operations under the administration of the director of merchant seamen, $5,877,000.

Mr. MacINNIS: The minister was good enough to agree that I might say something on this item which I was unable to say last evening on item 402. I have noted in *Hansard* the remarks of the hon. member for Nanaimo and other hon. members in regard to lighthouses, and were it not for the fact that I promised certain lighthouse keepers I would raise this matter I would have let it go at that. I have also noted a letter from the minister to the secretary of the amalgamated civil servants which appeared in the *Civil Service Digest* for May, 1946, from which I understand the minister has given some consideration to improving conditions in connection with lighthouses in various parts of Canada. The particular lighthouses I have in mind at the moment are one-man lighthouses; there is one at Cape Mudge on the west coast, and another at Scarlet Point. These are one-man lighthouses and I believe both are what they call watch lights.

Mr. CHEVRIER: Are they both isolated?

Mr. MacINNIS: They are both isolated; at least I gather that from the fact that in one case I am told there is mail service only once a month, which would indicate that this lighthouse is quite isolated. The Cape Mudge light, as I said, is a watch light, on twenty-four hour service, situated in the entrance to Seymour Narrows, and is a beacon light for the notorious Ripple Rock, about which we heard so much last week. This lighthouse keeper informs me that sometimes during foggy weather he has been on duty continuously for as long as seventy-two hours. Obviously he cannot carry on efficiently for that length of time, and as a result the service given to ships must suffer. I am also informed that the light is operated by hand, and that the machinery must be wound every two hours, which means that this lightkeeper must have his rest interrupted in order to perform that service. Has the minister or his department given any consideration to the installation of some automatic machinery to operate this light?

Another complaint in connection with these lighthouses is in regard to the payment of assistants. I notice that during the past year a certain amount of money has been allowed for this purpose, and that is all to the good. Perhaps I need not labour this point, except to urge the minister to deal generously with these lighthouse keepers because of the position they are in, removed from the social life of any community. They must live day in and day out, year in and year out, separated from almost everything that makes life worth while to the rest of us, and without association with other human beings.

Mr. CHEVRIER: I am sure my hon. friend takes a great interest in the lighthouse keepers, not only because of what he has now said but because of his representations last year on these estimates. Perhaps I might put on record just what we have done in the Department of Transport for lighthouse keepers; and I think I can be brief. There is a definite trend in the department to improve the condition of lightkeepers, who, it is recognized, are faithful servants of the crown. As my hon. friend knows, an order in council was passed and some $40,000 voted yesterday, covering an additional allowance for lighthouse keepers to assist toward paying the wages of assistants at the rate of $25 a month. In addition to the cost of living bonus, the principle of annual leave for lightkeepers has been recognized, and it is being extended and generally made available with pay where stations are in operation the year round. Housing is being improved, with sanitary conditions being incorporated in new structures and added to others, and we are trying to get separate accommodation for assistants. Radiotelephones are being installed on both coasts, which it is hoped will be in operation this fall. Where reasonably available, electricity is being installed, and also telephone service. Every possible assistance is given by the marine service steamers, and their visits augmented by mail service contracts where that is possible. Consideration is being given to the department assuming other assistance and other benefits for the lightkeepers.

My hon. friend spoke of the light at Cape Mudge. Until recently this was a single man station, but the classification has been raised to provide for an assistant. I am instructed that winding is rarely required more frequently than every four hours. At most single-man stations the winding is arranged for every fourteen hours, according to my information from the director of marine services.

Mr. CASE: This is one of the largest items in the estimates and is to provide for facilities and operations under the administration of the director of merchant seamen. Referring to the details at page 282 of the estimates, I should like to ask three questions. Included in this item is an amount of $1,727,600 for the operation of manning pools and training schools. My question in regard to that is, should that not properly be charged to national defence? The next item is $50,400 to cover the expenses of the London, England, office. The third item is special bonus at end of war, $2,062.50. I probably should eliminate the second item, operation of manning pools and training schools, $1,727,600. Then there is an item, technical training for seamen, $100,000. These items total $5,877,000, which is a considerable increase over the previous period. Would the minister care to explain this increase and also state whether the items I have referred to are related to national defence or if they are purely departmental expenditures?

Mr. CHEVRIER: They are not related to national defence; they are departmental matters, because the director of merchant seamen has been placed under the Department of Transport. He had to do with the operation of manning pools during the war and with the administration of training schools. There were two such schools, one at Prescott and one at Hubbards, Nova Scotia, and these are covered by this item.

With reference to the expenses in London, England, the same reason is applicable. The United Kingdom authorities requested us to take care of British seamen and the logical man to do it was the director of merchant seamen.

The amount provided for the special bonus is really to cover two bonuses. The first was a war bonus granted to seamen who signed an agreement for two years or the duration of the war, whichever was the lesser. This was a bonus of ten per cent of the annual earnings. Then there was a special war rehabilitation payment of ten per cent of the total earnings. Technical training is also under the jurisdiction of the director of merchant seamen.

Mr. CASE: Would any proportion of the expenses of the operation of manning pools and training schools be taken out of the ten per cent?

Mr. CHEVRIER: That has nothing to do with the bonus. That is to cover the expenses of operating the five manning pools and two training schools.

Mr. CASE: It makes no difference to the personnel?

Mr. CHEVRIER: Not at all.

Mr. POULIOT: Is it only merchant seamen on vessels of Canadian registry who enjoy the benefits mentioned here, or do they apply to all seamen?

Mr. CHEVRIER: They apply chiefly to merchant seamen on ships registered in Canada, but there have been some exceptions made, for example in the case of certain cable ships.

Mr. POULIOT: We should look after the people on our ships. I do not see why we should take care of seamen on ships that are not registered in Canada.

Mr. CHEVRIER: The exceptions cover Canadians who have been assigned to certain ships registered outside Canada, such as the three cable ships I referred to a moment ago. and would apply to Canadians working on those ships which are of British registry.

Mr. POULIOT: I wish to express my regret at the fact that certain large companies like the Canadian Pacific Ocean Services register their ships outside of Canada. This service is supposed to be a Canadian service. There are very few large ships registered in Canada, and I think the way this company is acting is prejudicial to the interests of Canada.

Mr. MACDONALD (Halifax): I think the time has come when we should have a Canadian maritime commission. I believe that such a commission would be in the interests of both the ship owners and the seamen. It could assist in securing regular and permanent employment for the ships of our merchant fleet and also for our seamen. I have in my hand a copy of the merchant marine act, 1936, passed by the United States congress which provides for a United States maritime commission. The declaration of policy is set out in the first section, which provides:

> It is necessary for the national defence and development of its foreign and domestic commerce that the United States shall have a merchant marine (a) sufficient to carry its domestic water-borne commerce and a substantial portion of the water-borne export and import foreign commerce of the United States and to provide shipping service on all routes essential for maintaining the flow of such domestic and foreign water-borne commerce at all times; (b) capable of serving as a naval and military auxiliary in time of war or national emergency; (c) owned and operated under the United States flag by citizens of the United States in so far as may be practicable and (d) composed of the best equipped, safest, and most suitable types of vessels, constructed in the United States and manned with a trained and efficient citizen personnel.

Section 210 of the act provides that it shall be the duty of the commission set up under the act to make a survey of the United States merchant marine with a view to securing, among other things, a merchant fleet owned by citizens of the United States and to plan vessels designed to afford the best and most complete protection for passengers and crew against fire and all marine perils.

Another section provides that the commission is authorized and directed to study all maritime problems arising in the carrying out of the policy set forth in the act and to study and cooperate with vessel owners in devising means by which the importers and exporters of the United States can be induced to give preference to vessels under United States registry.

To-day Canada is a great trading nation. At the outbreak of war we had thirty-seven ocean-going ships, with a total personnel of about 1,400. To-day we have over 200 ocean-going vessels, with a personnel of 12,000 trained seamen. Prior to the war, it seemed to be taken for granted that it was impossible for Canada to have a strong merchant marine. Most of our exports and imports were carried in bottoms of United Kingdom or foreign registry. In those days we were not in position to look after our merchant ships as we are to-day.

At the present time there is a wide demand all over the world for Canadian products. Before the war—and I suppose this custom still exists—the purchaser of goods would dictate the ship in which those goods were to be carried. To-day we are making loans and advancing credits to many countries, and it seems to me that the time has come when we should see that the goods and commodities purchased as a consequence of these credits and advances should be shipped in Canadian ships sailing from Canadian ports.

It is no use to say that the adoption of such a policy would mean that orders would be placed in the United States instead of in Canada. That answer was given me a year ago when I brought up this question. Ten years ago the United States congress passed a law which requires that all exports financed by government money shall be carried in ships registered in the United States if there are sufficient ships of sufficient tonnage available. There is no good reason why we should not adopt the same policy.

There is another matter that might very well be considered by a maritime commission. It is one that has arisen at different times. That is the question of restricting our coastal trade to Canadian ships. That is the policy followed in the United States. Much of our coastal trade is being carried by foreign ships owned in countries where the same privileges are not given to our ship owners.

Another matter that might very well be considered by this commission is safety provisions for the crew and passengers of ships, crew accommodation and better services in the kitchens or galleys in order to make life at sea safer and more pleasant. This commission could absorb some of the activities of the Canadian shipping board, which was set up in 1939 under the War Measures Act and whose existence I presume will soon come to an end. That board did excellent work during the war. I have heard criticism of its work in no part of the country.

We find ourselves in this position. We have in Canada a large merchant fleet of over

200 vessels, employing over 14,000 seamen. We are well equipped with ships; we have the material, the means and the personnel in Canada to build ships. Many thousands of our men are skilled in the art of shipbuilding. We should not lose those skills and that important trade. Our national economy would suggest that steps be taken now to ensure the continued employment of all these classes of men. We have many different departments to-day concerned with the problems of seamen, shipbuilding and shipping, and I think the time has come when all these activities should be coordinated. I know of no better way of doing that than by setting up a maritime commission and having it study all these problems and be in a position to advise the government. I do not say that such a commission should be given all the powers given to the commission in the United States, but many of those powers might well be adapted to this country. I would ask the minister to give his favourable consideration to this suggestion.

Mr. POULIOT: Before the minister replies, I wish to congratulate my hon. friend the junior member for Halifax upon his excellent speech. But I wonder if this work should be done by a commission. I am a strong believer in having a large number of Canadian ships to carry Canadian produce. The mail contracts should also be given to ships of Canadian registry. That would be a great inducement to shipping companies to register their ships in Canada. Then they would be under the control of the Minister of Transport. That is most important, because many a time ships of foreign registry do some wrong to Canadian shipping and get away from the jurisdiction of the minister.

I support wholeheartedly my hon. friend's suggestion that we should build a large fleet of merchant ships of our own, and I would suggest that the government see that we get the largest possible number of ships to take care of our foreign trade so that there will be no delay in making shipments. That is a thing that cannot be done all at once; it may take some time, but it should be done. In this matter we should leave aside the old school tie of past ages. Our business in foreign countries is now in charge of commercial attaches who are responsible to British authorities and sometimes are not free and independent. The only thing they do is to make some reports and answer letters that are sent to them. They must be more active than that, and they must be under Canadian jurisdiction, because trade is the life-blood of the nation. If the views expressed by the junior member for Halifax are carried out, I believe it will be to the great benefit of this country.

There is something in the air, Mr. Chairman. What was said not long ago in another debate shows that there is a change of mind for the better in some quarters of the house and that some are now prepared to consider Canadian interests first. That is of the utmost importance because, if we cannot develop our own trade, this country is finished.

Mr. HOWE: The Minister of Transport has asked me to reply since I have been charged by the government with the duty of exploring the possibilities of a maritime commission and of reporting to the government on the requirements. There seems to be little doubt that Canadian shipping at the moment is in the position where a maritime commission is required.

The functions mentioned by my hon. friend are being taken care of to-day by three different departments. For example, the Canadian shipping board and shipping subsidies are administered by the Department of Trade and Commerce; the regulation of shipping is in the Department of Transport; and the operation of Park Steamships Company and certain control of shipyards is centred in the Department of Reconstruction.

Some progress is being made in drafting a maritime act to be administered by a maritime commission. The sale of Park Steamships Company has been carried out with a view to building a substantial Canadian merchant marine, and an endeavour has been made to place our shipyards in a position to service a substantial Canadian maritime fleet. There has not been great urgency about the formation of a maritime commission to date, because our ships and shipyards have been busy on foreign orders. However, the situation may change shortly, and for that reason we hope that some time next year we shall have a maritime commission in operation.

Item agreed to.

Air service—

429. Air transport board—salaries and office expenses, $193,090.

Mr. MERRITT: Last year, at page 2495 of *Hansard,* the Minister of Reconstruction highly praised the proposed air service between Vancouver and Lethbridge, stopping at intermediate points in the interior of British Columbia. In part, he said this:

This is considered an excellent aeroplane route. The rail transportation, as I think my hon. friend will agree, is not the best, and weather conditions are such that from time to time the highways are blocked. Another fortunate feature is that the area is well supplied

with airports, so that a well-equipped and well-financed company should be able to give an excellent service and should find it a profitable operation.

At the same time he referred to the application by three companies to the air transport board which was heard in Vancouver in January, to operate over this line. Recently the application of each of the three companies has been turned down, and apparently the air transport board will not permit any company to operate this route at the present time and under present conditions.

The air transport board turned down the application on five grounds. They said first that the traffic potential of the area was not enough. My only comment on that is that, if that rule is to be applied by the board, we shall not have any scheduled intermediate service lines in British Columbia for many a long day, because this route passes through the most populated part of British Columbia. In the interior will be found a population of over 150,000; the Vancouver area contains some 400,000 and upwards; and the Lethbridge area, some 25,000. If that kind of thing is going to stop the approval of the service we shall have to wait for a long time in British Columbia before we have such a service. Next, the air transport board found that the rail and the bus services were quite adequate. I just read what the minister's view of that is, and my view is exactly the same as that of the minister. The third ground of the air transport board's decision was that the weather was so bad that the route could not be operated on schedule. There again, if we are to change the weather before we have any kind of scheduled service to these points we shall have to wait much longer than the people of Canada and particularly the people of the area concerned will want. Fourthly, it was said that the operation of this route would not be undertaken at a loss. Of course that is certainly so; nobody will want to operate such a route at a loss. The fifth reason given was that the aeroplane DC-3 was obsolescent, was not operationally satisfactory for the route, and was too large. Well, I understand the DC-3 to be the wartime Dakota, and I would think it most surprising to most people who know anything about air service to say that the DC-3 was obsolescent enough to make that a factor in washing out the service, particularly since I understand that the T.C.A. is now equipping certain of its services with that self-same aircraft.

But the real reason this application was turned down was not mentioned by the air transport board. It was that the company had applied for fifty cents per mile airmail subsidy and the department had offered only fifteen cents per mile of such subsidy. They later brought that offer up to 22½ cents per mile, but it was considered by the companies concerned that it was impossible to inaugurate this service without fifty cents per mile, the calculations being worked out on carrying a minimum of five passengers per mile and the rest of the cost being made up in the initial stages by the airmail subsidy. The rate of fifteen cents is, as I understand, the present established rate for T.C.A. It has been reduced to this figure very recently: the minister will know the exact date; I am not sure, but I believe it is since the end of the war. Before that time, T.C.A. was getting an airmail subsidy of forty-two cents per mile, and when T.C.A. was first inaugurated it got sixty cents per mile. It is again my understanding, subject to correction by the minister, that private airline companies which have received airmail subsidies in the past have received them to the amount of sixty cents, or fifty cents, or something comparable with the T.C.A. rate.

My first complaint to the committee and to the minister is that a mail subsidy to a transportation company has historically been a way of getting a necessary service into operation, and I do not believe that there has been a transportation system in the world for a hundred years—and probably one could go back much further than that—which has not had some assistance in the way of mail subsidies from the government to get it "over the hump."

Here we have a situation where we have thousands of men coming back from overseas qualified to serve in this particular walk of life, which is important for Canadians in the future, and we find a complete change of policy by the government in this respect. Apparently, from now on, the airmail subsidies which will be offered will be only in the amount which a well established and well cared for air line like the T.C.A., with all the advantages it has, is allowed. If we are to have an expansion of flying in this country to the extent that we should have it, a change of policy of that kind is a serious thing to face. I do not think the committee will doubt that if the T.C.A. determine to expand or to institute any service they will get all the money they need to do it and they will get any subsidy they need to do it. The minister said, talking about this very business last year, that if a service were necessary he would be in favour of giving it a subsidy. So that to come along, after blowing up the route in this

house, after saying that one of these companies would be chosen for this route, after letting them incorporate, letting them make all their arrangements, encouraging them to come forward, and then bring in this new and this bad policy, is particularly hard on the companies concerned and very hard on air transport generally in Canada.

I do not intend to go into the details of this particular operation because, while my remarks are, of course, directed to this case, they will be equally applicable to every other company which is interested in developing private routes. There is great need for a clear indication by the minister of the scope that will be given private schedule services in this country. We had this matter up last session, and all hon. members will recall the long debate on bush and feeder lines and the evasive answers—I use that word advisedly—of the minister with respect to what he would permit. There is need for definition of the airmail subsidies policy. There is need for the institution of a policy at a more or less higher rate at the inception of an air line and then a scaled-down rate as it gets going. That is the practice followed in the past in all modes of transportation and the practice followed in Canada in particular by this government in relation to the development of air lines. There is great need for the drawing of a line between T.C.A. and other companies, because the minister can hardly expect many people in the country not to believe that, if the kind of thing that I have raised here goes on, there is a desire on the part of the government to keep competition with T.C.A. off these intermediate lines and to reserve them for eventual development by T.C.A., thus in effect holding from the people who require it a necessary service until T.C.A. comes along to do the work.

There is another and perhaps the most important definition of policy which the minister must give, and that is whether the transport board is to decide these questions on their merits or on instructions from the government. Here we have a perfectly clear case where the air transport board turns down an application on five technical grounds related to the safety and the possibilities of development of the route, none of which holds water in the minds of the people interested. Then we find that behind that decision of the board was the real reason, that the government was not going to provide airmail subsidies which these people had every right to expect when they started on their venture. It seems to me to be more than clear that this decision of the air transport board has been dictated by the minister and the board has had to produce reasons to get round the difficulty. The same thing, many hon. members believe, is going on in connection with radio, and no doubt other examples can be given.

The last thing I want to say about this case is that one can see in it the heavy hand of regulation by the government. These counsels of perfection which the government seems to require should be applied only to a reasonable extent necessary for safety of life. A little initiative should be left to the discretion of those who are to put their money into the project. We would then have a very much faster development of air transport in the country, to the great good of all those who wish to travel and also to the great good of those people who are keen to get into this game and to make use of the skill they have acquired in recent years.

I urge the minister to reconsider the question of airmail subsidies and to recognize that they are subsidies for development, and have always been such, and to give private companies that wish to fly such services the same opportunity as he will undoubtedly give T.C.A.

Mr. HOWE: My hon. friend has made some serious charges. He suggested that I personnally intervened to direct the air transport board to refuse a licence. Why would he make that charge? These men associated with Capilano Airways are my personal friends.

Mr. MERRITT: If I might interrupt—

Mr. HOWE: Sit down and let me reply to your speech.

Mr. MERRITT: I did not make a personal charge.

Mr. HOWE: You did indeed.

Mr. MERRITT: I said that the government must have directed the board.

Mr. HOWE: That means that the minister directed the board. Let me explore that a little. You made the charge. Let it stand on the record and you can hear the answer and the country can read it. The men behind this application happened to be a group of personal friends of mine. One of them is one of the closest friends I have in the dominion. Why should I intervene to wreck them? Can my hon. friend tell me that? As a matter of fact, I was not aware that the application had been turned down until I received a letter from Mr. Leigh Stevenson, who is president of Capilano Airways Limited, and I immediately wrote advising him that if he cared to appeal I would be glad to review the situation, as is my duty and right, on appeal.

My hon. friend is quite right that the real reason the application was refused is that the

company stated it could not operate the line without a subsidy. My hon. friend is quite wrong when he says that mail subsidies are given. The post office does not subsidize air lines. It pays for the service and pays a rate which it believes the service is worth to the post office. I hear another voice over there. Would the hon. gentleman mind withholding his remarks until I get through? They are not very important, I know, and they can wait.

Mr. JACKMAN: If the minister wishes to take that attitude, since he has directed that statement at me, I may say that the hon. gentleman used the word "subsidy" as referring, to my mind at any rate, to the contract with the Post Office Department. It is not granted in the form of a subsidy, but the contract is arranged, I believe, so that the new service may get on its feet.

The CHAIRMAN: May I ask all hon. gentlemen when they are speaking to address the Chair.

Mr. HOWE: Have I the floor, Mr. Chairman?

The CHAIRMAN: The minister has the floor.

Mr. HOWE: Thank you. The route was advertised by the air transport board. It believed it to be a good route and it received three applications. The board would have been glad to grant a licence to any one of the three had it been able to assure the board that it could operate the route on the traffic in view and the rates offered. The three applicants filed their rates for various services, with which there was no quarrel. Passenger rates were higher than charged by Trans-Canada Air Lines, but no exception was taken to that. It was believed that the rates were in line with the requirements of the traffic. The difficulty was that, when all other means of revenue were added up, a certain amount was required for carriage of mail to make the operation balance out and show a profit. I have nothing to do with the arrangements with the post office. The responsible officers went to the Post Office Deparment and applied for a certain rate. The Post Office Department replied that all it could grant was the Trans-Canada rate, which is a pound rate for the carriage of mail. I think the rate is 1·5 mills per pound per mile. That rate was offered to the applicants. The air transport board conducted a survey of the probable mail on the route, and that figure was given to the airways company. It was found that the revenue from mail was not nearly sufficient, and on a renewed application I think the Post Office Department guaranteed a minimum rate of—I am not sure what the minimum rate is, I would say 150 pounds.

Mr. STIRLING: It is 100 pounds.

Mr. HOWE: One hundred pounds, which is unusual; at least there is no guarantee to any other air line that I know of; each air line simply depends on the actual mail that it obtains, but this other company got a guarantee. I personally intervened to the extent of writing my colleague to say that I hoped the Post Office Department could take another view and perhaps increase the guarantee. After a survey of its position, the Post Office Department believed that it was not justified in doing so. If Capilano Airways Limited had said that, knowing all the facts, it wished to operate the line, without subsidy, a licence would have been granted, and will be granted to-day if it cares to appeal the ruling of the board. There is no question about that. Licences are granted freely in all parts of Canada to those who can make a living out of the business there is in sight; but it is questionable policy that the provision of the Aeronautics Act concerning the subsidization of new air lines should be used for subsidizing a line which, in view of the air transport board, is not likely to be self-supporting for a considerable time.

It is all very well to subsidize the necessary services into undeveloped country if the service cannot be provided in any other way. This is being done in one instance for a service which was formerly a profitable one. On account of the closing of mining operations, it was having a difficult time, but for the services to be discontinued would have left a number of settlers without any communication whatever.

Mr. DIEFENBAKER: The M. and C. Aviation Company.

Mr. HOWE: Yes, that is the only service in the country that is being subsidized at the moment. We have a case in Nova Scotia which is at a critical stage. The Maritime Central Airways applied for a route from Saint John to Yarmouth to Halifax. It simply applied for the route. The application was granted because the indications were that the Maritime Central Airways believed that it could carry on the operation without a subsidy. No subsidy was asked for. It is found that it cannot carry on without a subsidy. It finds that it is losing money and it wants to discontinue the route. There was a hearing before the air transport board. It is asking for permission to discontinue its scheduled services. The government can hardly be expected to be in the position that anyone

who wishes to start a route will automatically get a subsidy if the route does not show a profit.

The route proposed is over a territory which I should like to see developed. The board advertised for applications for the route, and three were submitted. Every effort has been made to explore the situation and to assist the air lines to determine whether it will be a profitable operation. I think the board is performing a service for applicants and for all concerned in seeing that the facts are fully developed. Personally I am sorry that my colleague, the Postmaster General, is not more optimistic about the mail prospects there; but he has made his investigation and has formed his opinion of the airmail potentialities. There remain the express and freight but that, of course, is a matter for development by the air line. That is a matter, I presume, on which the Capilano Airways have made their own estimate and have decided the possible revenue which can be obtained from that source.

Reference was made to the report of the air transport board. I can hardly believe that it reads, as my hon. friend says, that the DC-3 aeroplane is obsolescent; but there is a characteristic of the DC-3 aeroplane which the board believed makes it unsuitable for operation over high mountains, namely, that it has not a good single-engine performance at high altitude. Trans-Canada Air Lines has some twenty-five DC-3's and operates them everywhere in Canada except across the Rockies, for Trans-Canada Air Lines does not believe it is safe to operate them over mountainous country at altitudes above 11,000 feet. That is a technical opinion, and for that reason Trans-Canada Air Lines uses Lockheeds, which have a satisfactory single-engine performance at high altitude. I suppose the board gave its opinion as information for potential operators of the route. I just put in that word of explanation to show why that plane is not considered satisfactory.

Mr. MERRITT: I wish to say to the minister that I have no personal charge to maintain at all.

Mr. HOWE: Why would the hon. member say that the minister dictated?

Mr. MERRITT: I am going to explain that. When I see five reasons given by the board for turning down an application and that none of these reasons apparently would hold water if the question of the mail payments is overcome, it is hard for anyone not to believe that there must have been some knowledge on the part of the air transport board that airmail payments would not be increased, and therefore that the application would not be granted. Had the board turned it down on the ground that, since no airmail contract of the amount required could be obtained, they would not have approved it on the financial ground, then I would not have said what I said. But when they bring in technical grounds to support a position from which they would withdraw if the financial reasons were removed, I think my comment, and certainly my request that the minister say whether it is an independent board, are quite justified.

The other thing I wish to say is that in using the word "subsidies" with respect to the airmail contract I was using a word which has been in common use for a long time with regard to steamships, for instance. One often hears of airmail subsidies. Let us call them airmail contracts. I wish to point out to the committee that the amount asked by this particular airline for its airmail contract was fifty cents per mile, whereas the Trans-Canada Air Lines received at the beginning sixty cents, and forty-two cents for most of its life until now, and has only recently been dropped to fifteen cents. If that contract was good for the Trans-Canada Air Lines, why is it not good for a private company pioneering a new route?

Mr. HOWE: I should like to explain the airmail rates. The basis of the Trans-Canada Air Lines contract was first a rate per mile, sixty cents per mile. By a profit-sharing arrangement set out in the act that rate was reduced to forty-one cents per mile. Then the contract was changed to another basis which the Post Office Department thought was fairer, and which the Trans-Canada Air Lines was willing to accept. At present, when T.C.A. carries a pound of mail a mile it gets paid 1·5 mills for the service. T.C.A. is not subsidized; the mail it carries returns payment to it at that rate. The present rate is not a drop from forty-two cents a mile; as a matter of fact it is about the same thing. The earnings from mail this year under that contract are about the same as they were under the rate of forty-two cents a mile. The difficulty in the Okanagan is that the potential volume of mail is not heavy enough to promise a satisfactory return.

Mr. MERRITT: Can the minister say how the 1·5 mill rate compares with the rate of forty-two cents a mile, or sixty cents a mile, the old method of computation?

Mr. HOWE: The earnings of T.C.A. from mail under the 1·5 mill rate are about the same as under the 42-cent rate which obtained last year.

Mr. MacINNIS: I am not going to add very much to what has already been said by the other members from British Columbia; but, as it appears to me, the situation is this. We already have air service by T.C.A. between Vancouver and Lethbridge, but we have no air service into the interior of British Columbia, to such important towns as Penticton, Trail and Kimberley. These days everyone seems to want fast service. I do not know why we want to travel so fast, but the people feel that when the Joneses do it they have to keep up with the Joneses. These interior towns of British Columbia are entitled to some consideration in the matter of air service. If T.C.A. cannot give that service at this time—and it could not do so without going to some expense—perhaps something could be done so that a private company could provide the service. I have read the brief of Capilano Airways, which I imagine was sent to other hon. members; I have read the decision of the transport board turning down that application for a licence on this route, but I think the board should give the matter further consideration. Railway service on the Kettle Valley line is not very good. I imagine it is the slowest service in Canada, because of the nature of the country through which the railway runs. I have here the rail time in hours from Vancouver to Penticton, from Vancouver to Trail and from Vancouver to Kimberley. By rail from Vancouver to Penticton it is eleven hours; the air time is one hour and fifteen minutes. The rail time from Vancouver to Trail is twenty-five hours; the air time is two hours. From Vancouver to Kimberley by train takes thirty hours; the air time is two hours and forty-five minutes. As I said, the people of the country are air-minded and want to travel fast, so that I think the interior towns of British Columbia are entitled to some consideration in this matter and I would urge that the board reconsider this application.

Mr. STIRLING: I am also most interested in the turning down of the three applications by the air transport board, because those whom I represent are potential passengers and certainly potential letter writers for this route. I would draw the attention of the committee to the reasonableness of the resentment which these people feel. We remember the various statements made in the past with regard to the starting of air routes which should be feeders for T.C.A. I could quote the remarks of the Prime Minister and the remarks of the minister himself with regard to the desirability of affording openings for our returning airmen. I would also remind hon. members that when I raised this matter in the house last year the Minister of Reconstruction expressed the opinion that this was an excellent potential route. He agreed that the train service available was indifferent. He agreed that, on occasions, weather conditions made the highways unusable. He agreed that this area was studded with emergency airfields, and for all these reasons the hopes of those supporting these applications were certainly raised.

Then we move on to what actually happened at the hearing by the air transport board. Two officials of the Capilano company were asked to come to Ottawa, and when they got here they were asked if they were ready to accept the rate offered by the Post Office Department for the carriage of mail. It was most unfortunate that this occurred just at the time the Post Office Department was declining to continue to pay the T.C.A. the old rate for mail. When T.C.A. put on other planes, multiplying the service by three, it was found that sixty cents a mile resulted in an amount much larger than the poundage of mail warranted, so that the Post Office Department came to a new arrangement with T.C.A., which has been described and into which I need not go. But that change took place, unfortunately, just at the time this application was being considered. Obviously the figures used by the applicants in making up their estimates were based on what they know T.C.A. had been receiving.

Of course the minister is perfectly right in saying he is not concerned with the rate paid by the Post Office Department. When I took up this matter with the Post Office Department I ascertained that they had gone as far as they considered they could go in meeting the applicants. They did raise the minimum poundage on which they would pay the rate; they did raise the mill rate, but they did not raise it high enough to enable an agreement to be reached with the applicants.

There was no doubt in the minds of those who knew what was going on that the real sticker in the case was the amount that would be received for air mail. So that the resentment of the people concerned was heightened when the air transport board came out with these five stupid reasons for turning down the application. One reason given is that the existing rail and bus services now serving these areas are adequate. The minister himself agreed that they were utterly inadequate, and everyone who lives in the south country knows that to be the case. As to another reason, in regard to the population to be served, I do not know where the air transport people got their figures, but certainly they were not those of December, 1945; in fact they

were about one-third those figures. They made slight reference to the volume of business in the territory concerned, but they surely passed over the considerable industrial development consequent upon the Consolidated at Trail, and they seem to have forgotten altogether that there is big business in fruit and vegetables in the Okanagan and subsidiary valleys. There is a tremendous traffic potentiality there, both in passengers and mail.

As the hon. member for Vancouver-Burrard pointed out, there have been many instances in the past, particularly with regard to T.C.A. itself, where assistance has been given for a certain time by way of airmail payments. The minister may quite well reply to me that this has nothing to do with him because the decision turned on the mail, but I suggest to him that, as the minister responsible for the development of civil aviation and since he has expressed a desire to find openings for our returned men, he should take this matter up with the Postmaster General to see whether the matter cannot be reopened and the rate increased somewhat by the Post Office Department.

Mr. HOWE: I would remind my hon. friend that when he was discussing the Air Transport Act he was one of the most insistent that the board should not be dominated by the minister. He does not like this report by the air transport board and he thinks I should take the responsibility of overriding it.

Mr. STIRLING: The minister has tremendous power.

Mr. HOWE: There is an appeal to the minister.

Mr. STIRLING: I warmly support the minister's suggestion, and I hope that when the appeal is made he will give it his good graces.

Mr. HOWE: This route was advertised and it was stated that applications would be received. I think my hon. friend is giving me too much credit if he thinks I have influence over the Postmaster General. I live in an area where there are about 100,000 people, and we have no airmail service at all because I have been unable to persuade the Postmaster General to give that region a mail rate higher than he was offering in the Okanagan. The result is that no one will take the route. I think that, once the post office takes a stand, there is no power outside the post office that can make it change its opinion as to what should be paid for the carriage of mail. However, if Capilano Airways Limited will indicate that it believes it can operate this route with the revenues there are in sight, and if it cares to appeal the decision of the board, I can assure my hon. friend its application will be granted.

Mr. HERRIDGE: I should like to support what the hon. member for Vancouver-Burrard has said, and also what has been said by the hon. member for Yale. The hon. member for Yale has taken a great interest in this matter. The people in my constituency were very much disappointed when they heard that this application had been turned down, and I was glad to hear the minister say that there is a possibility of its being considered on appeal.

Mr. MACKENZIE: Carried.

Mr. HERRIDGE: Regardless of the wishes of the hon. member for Vancouver East, I should like to deal with two or three reasons which have been given by the board and which I think the minister must agree are quite illogical for turning down this application. If the airmail contract were satisfactory these reason would not exist in view of his previous statement. I shall deal first with the traffic potentialities. The board considered only those places at which planes would land, and they estimated the population of the district to be served as being only 107,000. The latest figures show that there are over 167,000 people in that area who would be served.

The next reason given was that the rail and bus services were quite adequate. If that reason were applied generally there would be no scheduled air routes in operation to-day. The third ground was as to irregularity of service. I think for three months of the year possibly that would apply, but I understand that the reports of the meteorological branch of the Department of Transport indicate that service could be provided with between seventy-five and ninety-five per cent regularity. Then there is the question of willingness to operate without profit, and in this connection the minister has explained something which I did not understand before when he referred to the operation of DC-3 aircraft over high mountains.

Again I want to express to the minister the feeling of the people in my constituency. They were extremely disappointed when this application was turned down and they are looking forward to something being done in order that this service may be established in the near future. There are plenty of overseas men who have flown and there are plenty of ground crew who are willing and anxious to fly and service these planes.

Mr. KNOWLES: I should like to discuss briefly with the minister a matter pertaining to civil aviation policy in connection with

which he and I do not see eye to eye. However, before doing this I should like to offer a word of well-deserved congratulation to the government, and more particularly to the minister, for his administration in this field. We know how proud the minister is of Trans-Canada Air Lines, and he has every reason to be proud of the efficiency and safety with which that line operates. He has also reason to be proud of the speed with which it has been extending its services, not only in Canada but to other countries and across the seas to other parts of the world.

I have a certain amount of sympathy with the general attitude of the government toward civil aviation, in that they seem to realize that this is a service to be developed. The government has seemed anxious to avoid some of the mistakes of the past, particularly in the early days of the railroads, and to provide service without the disadvantages of cut-throat competition. The minister knows that we in this group welcomed and gave strong support to the general statement of policy which he made on March 17, 1944, and to certain other statements which he made and measures which he has brought down from time to time. However, in his statement of March 17, 1944, the minister made one pronouncement which does not seem to have been carried out. He said, as recorded in *Hansard*:

> Accordingly, after full consideration, the government has decided that the railways shall not exercise any monopoly of air services. Steps will be taken to require our railways to divest themselves of ownership of air lines, to the end that, within a period of one year from the ending of the European war, transport by air will be entirely separate from surface transportation.

The minister indicated that he was not altogether happy about having to make a break between the Canadian National and Trans-Canada Air Lines; but because of the way in which Canadian Pacific Air Lines had —and I am using his own words—"lost no time in challenging the non-competitive position of Trans-Canada Air Lines", it was necessary to put forward this new policy. In leading up to that, he made a statement which is part of my reason for having offered a few complimentary remarks, and I quote again:

> Service to the public must be the paramount consideration, and it seemed obvious that the cost of a non-competitive, non-profit service was the lowest that could be offered the public.

There are many other quotations which I could make from that excellent speech of the minister, but I shall not take the time to do so. I only wish he had lived up to it in full. Later on in that session, there was further discussion of this proposal to compel the railways to divest themselves of ownership of air lines. I felt at the time that the minister had retreated from the forceful and aggressive position which he had taken on March 17. When I suggested to him on April 21, 1944, that he had made such a retreat he did not altogether like it. I quote his words:

> I said we had better wait until we had seen the bill.

That was his reply to my charge that the minister had retreated.

So far as the complete implementing of the policy is concerned, we are still waiting, and this is now August, 1946, more than two years later. In the meantime a bill was introduced and passed, an act to amend the Aeronautics Act, Bill No. 133, of the session of 1944, which contained clauses designed to give legislative effect to this policy laid down on March 17, 1944. Section 14 of that act reads in part—I will give just the significant clause:

> . . . but every such licence, if not cancelled or suspended by the board under section thirteen of this act, shall cease to be valid one year after the termination, as fixed by order in council, of the war in Europe which commenced on the tenth day of September, one thousand nine hundred and thirty-nine.

Another section of the same act, section 12, subsection 2, related to this matter, and reads as follows:

> No such licence shall be issued in respect of a commercial air service, owned, leased, controlled or operated by any person who is engaged in the transport of goods or passengers for hire or reward by means other than aircraft unless the governor in council is of opinion that it is in the public interest that such licence be issued.

That bill was passed in the session of 1944. So far as I can learn, the many subsidiary companies which were bought up by the Canadian Pacific are still being operated by that company. This raises, of course, the whole question, the merits of which some might want to debate, but I remember very well that when the former member for York-Sunbury, Mr. Hanson, charged that the government's policy amounted to confiscation the minister's reply, which I heartily endorsed, was that these smaller companies which had been pioneered in the earlier days by independent operators had in effect been confiscated by the Canadian Pacific, "which entered the field of transportation by air and bought the stock of all the independent operators, thus obtaining by the end of 1941 a monopoly in the field of transport by air except for trans-continental air lines". I have been paraphrasing, except at the end when I was quoting the minister.

My concern about all this is that it seems to me that we are laying the basis of another huge monopoly in the northern part of this country. The thing I am most concerned about is the monopoly of transportation in the northland which the Canadian Pacific has and of the way in which that transportation monopoly can tie in with a monopoly in mineral production in northern Canada. My whole point is that I welcomed, as all of us did in this group, the statement of policy made by the minister. We welcomed the extent to which that statement was given legislative effect in the bill from which I have just quoted. But I should now like to hear from the minister when it is to be carried out.

I suppose there may be some argument as to when the war in Europe ended, but I think it ended in May, 1945, and more than a year has since elapsed. When we were discussing that particular section, section 14, on July 17, 1944, the minister said, and I quote his words, "My hon. friend will see that section 14 is mandatory." That is the section which calls upon the board to cancel licences previously in effect which, as I say, made it possible to give effect to this general policy.

There are other things with regard to civil aviation about which I should like to speak if it were not for taking up the time of the committee at this stage. But I should like to hear from the minister with respect to this whole question of policy relating to the ownership of air lines by railway companies, with particular reference to Canadian Pacific Air Lines.

Mr. HOWE: My hon. friend has given a correct statement of the policy announced by the government in 1944. At the time I made the announcement I was very sure I was right. A good section of the house was very sure I was wrong, but that gave me no pause whatsoever. At that time the public was not getting the service to which I believed it was entitled, and I think the public in that area believed it too. Certainly the relations between the government and Canadian Pacific Air Lines were far from satisfactory, and there was no doubt at the time that the non-competitive position of Trans-Canada Air Lines was being challenged. Legislation was passed, and the present technical position is that the mandatory date, which would be May, 1946, has been advanced one year under the Emergency Powers Act.

Mr. KNOWLES: Does the minister mean it has been advanced solely for the purpose of this legislation?

[Mr. Knowles.]

Mr. HOWE: Yes. The effective date of this legislation has been advanced by order in council passed under the Emergency Powers Act.

Mr. KNOWLES: I suppose that order in council was tabled.

Mr. HOWE: Yes; all orders in council passed under the Emergency Powers Act are tabled.

Mr. KNOWLES: I never heard of that one.

Mr. HOWE: You were engaged in higher statesmanship for a considerable period.

Mr. KNOWLES: I was flying in your planes.

Mr. HOWE: The position is that we explored the possibilities of carrying out announced government policy. It seemed easy when it was announced. We thought it would be easy to divide up the system and return it to small operations, but when we undertook to do so we were faced with a great expansion of air activity in the north which required additional services. Obviously Canadian Pacific Air Lines was not in a position to buy extra equipment until it had some security of service. We then explored as to how we could break the system down into individual routes, each serving a particular territory, as was proposed at the time the discussion took place. But we could find no group strong enough to take over any of these services. The value of the equipment owned by Canadian Pacific Air Lines was in the vicinity of seven or eight million dollars. The additional equipment required ran into several more millions. I might remind my hon. friend that to-day an ordinary 20-passenger plane costs some $200,000, and there are planes flying to-day, a good many of them, that cost $1,000,000. It is not a business which can be entered without substantial capital.

The air transport board was established when that policy was announced and the board started a study of the northern situation. There was also a change of management in Canadian Pacific Air Lines and a change in the directorate, from the president down. The closest cooperation was obtained between management and the air transport board in working out policy matters. Those hon. members who are familiar with the territory served by Canadian Pacific Air Lines will agree that the service has improved tremendously. Services which were inadequate at the time that that discussion took place have been made adequate. All sources of friction have been removed as between the government authority and Canadian Pacific Air Lines and between

Canadian Pacific Air Lines and Trans-Canada Air Lines. To-day the two operations are working as an integrated system. At the time, Canadian Pacific Air Lines was ambitious to extend its territory into other parts of Canada. To-day it finds it has a sufficient task to develop the parts of Canada for which it was then and is now responsible for giving service, with the result that any new air lines that care to enter the business and are able to finance their operation can find a scope for their activities in parts of Canada not at present served. To-day I have come to the conclusion that, while the policy when it was announced may then have been the correct policy, the public interest, which I say again must be the paramount consideration of all air line activities, is better served by the present combination of services than it could be served by any plan which can now be devised as an alternative to the present arrangement.

No man likes to change his mind; nevertheless I have always believed that it is better to change my mind than to continue on a wrong course I think in the light of the evolution which has occurred since I made the statement I can say that the system which is operating to-day is the one best suited for giving service to the public in the territory in question.

Mr. MacNICOL: I know I am right now.

Mr. KNOWLES: One thing which one must admire is the minister's frankness, even when one does not agree with him.

Mr. MacNICOL: He is right, now.

Mr. KNOWLES: He has now stated that the policy announced on the 17th of March, 1944, with respect to the government owning these air lines has been abrogated by the government.

Mr. HOWE: No. I should like to correct that impression.

Mr. KNOWLES: All right; I want to get it clear.

Mr. HOWE: I said that the date of applying the policy had been advanced one year by the government; and I was giving my own opinions, as minister responsible for the services, that the policy announced on that date was not the policy which would give best service to the public in the area. That is my own opinion. The government policy has not been changed, and will not be changed, naturally, until the act is changed. The House of Commons must approve any change of policy, because this house passed the act which established the earlier government policy.

Mr. MacNICOL: We shall be glad to change it.

Mr. KNOWLES: There can be no doubt that the personal view of the minister with respect to these matters will carry a great deal of weight when it comes to formulating government policy; and I say again that the minister himself has stated clearly that his view is quite different from that which he expressed on March 17, 1944. It is quite interesting to notice from what sections of the house the minister has been getting his applause to-day.

An hon. MEMBER: All.

Mr. KNOWLES: No; mainly from the Tories. Apparently he found it embarrassing that we were in such strong agreement with with him when this policy was first laid down. I want to say this to my now Tory friend, the Minister of Reconstruction and Supply. One does not often make predictions, because these things go on the record and they can be thrown back at you, as I have been throwing back the minister's statements to him to-day. But I declare that the day will come when we shall have to undo the harm done to the Canadian economy by the monopoly which we are building up in transportation and mineral production in Canada's northland, which surely belongs to the people of the country as a whole.

Canadian Pacific Air Lines insists—and one has no reason to doubt their figures—that it is losing money on its air line operations, particularly those in the north. Well, I am not one who imagines that a company of that size is losing money unless it feels that there is an advantage somewhere else, or an advantage in the future which makes that loss worth while; and I am very sorry to hear that the minister has changed his mind. My hon. friends to the right put a good deal of pressure on him for about two years with respect to this point. Whether it was that pressure, or whatever it was, which caused him to change his mind I do not know. But they will be jointly responsible for the monopoly which is being built up as a result of this, and for this further exploitation of the natural resources that belong to the Canadian people, and for the harm which will yet have to be undone.

Mr. ADAMSON: If I had been a Latin scholar, no doubt I would quote some apt phrase to submit to the minister on his change of policy.

Mr. HOWE: I change whenever I find myself in error.

Mr. MACKENZIE: *Tempora mutantur, nos et mutamur in illis.*

Mr. KNOWLES: *Mene, mene, tekel, Upharsin.*

Mr. ADAMSON: I was going to say, *mens sana in corpore sano.* However, I am pleased that the minister has, shall we say for the first time, seen the light. I want to make just one reply to our socialist friends with regard to serving the public. I have in mind one mining camp which is to-day and has been served entirely by air. I speak of the Red Lake mining camp, with a population of between four and five thousand people. To put that camp in the hands of a small operator would be nothing short of criminal. At times when you have bad weather you may have as many as fifteen or twenty aircraft a day flying into that camp with vital supplies; and you must have, for camps of this kind, a thoroughly reliable, large and perfectly competent organization to do the job. Unless you are dealing with an organization that has, first of all, the know-how, and second, the capital and resources to do the job, you are jeopardizing the very people whom the C.C.F. party are so anxious to look after; that is, the residents of these remote areas who are building up the country. I want to say that I am pleased with the change in the policy of the government.

Mr. MACDONNELL (Muskoka-Ontario): I do not suppose that I shall often be in the position of asking the hon. member for Winnipeg North Centre to make an extra speech, although I am always interested in what he says; but I want to ask him a pointed question. If I remember aright, he said that he had seen a statement on Canadian Pacific Air Lines, which he took at its face value, that it had lost money in its operations in the north. Then he went on, and I could not understand him at all, because he seemed to suggest, if I understood him aright, that that could not be the whole story, that there must be something sinister, something else, that it could not be possible that the Canadian Pacific was taking a broad view and was prepared to take a loss to-day because of the hope that it would build up a situation which it could hope would profit it to-morrow. If I got the hon. member's point correctly, I wish he would explain that, because to me it goes very deep. It is most unfortunate if in our relations with each other we have to assume that there is always something sinister. Personally I believe that the Canadian Pacific has been a broad-gauge organization. It has committed faults, it is true, but I believe it is prepared to take broad and long-range views, and the whole country is evidence of that. I should like to know what the hon. member meant by that.

[Mr. Mackenzie.]

Mr. KNOWLES: If I remember correctly what I said—and I think I do—I suggested that I could not imagine that the Canadian Pacific was losing money on the operation unless one or other of two things was the case. The first alternative I suggested was that there might be some other immediate advantage; the second alternative was one to which my hon. friend the member for Muskoka-Ontario just referred, namely, that there would be an advantage in the future.

Mr. MACDONNELL (Muskoka-Ontario): Then I take it back; I am sorry.

Mr. KNOWLES: But my hon. friend is right in asking me what I meant about the first one. I thought I made it clear that the mineral resources of the northland are great, and there is great wealth to be made there. I can prove nothing. I do not know the relationships of these various companies, but I should like to know. I have a strong suspicion that there probably is some kind of connection that makes it an advantage right now. Certainly my hon. friend will agree with me that there must be some advantage either now or in the future, or else the Canadian Pacific would not throw money away.

Mr. ISNOR: May I inquire of the minister whether any action has been taken in respect of the representations made by the maritime transportation commission concerning the service between Moncton, Greenwood, Yarmouth and Halifax? If I remember rightly, it was in the latter part of July that they telegraphed the minister in reference to the continuation of this service and pointed out the importance of it to the people in that district. Does he recall that?

Mr. HOWE: Yes. The service is continuing and will continue until another hearing is held, when the question of public convenience and necessity will again be studied. The fundamental fact is that, if people will not use an air line, they can hardly expect it to be continued. There is the further fact that, before many weeks go by, a service will be in operation between Boston, Yarmouth and Halifax, which will serve the Yarmouth-Halifax leg of that route as far as public convenience and necessity are concerned. However, the air transport board will hear all interested parties and study public convenience and necessity and bring in its finding as the facts warrant.

Mr. ISNOR: Can the minister give the date for the Halifax-Yarmouth-Boston service?

Mr. HOWE: I cannot give the exact date, but I understand that it will be some time this autumn.

Item agreed to.

Air service—civil aviation division—

432. Control of civil aviation, including the administration of the aeronautics act and regulations issued thereunder, $388,200.

Mr. SKEY: I wish to ask the minister, first, how long he anticipates the control of civil aviation will remain under another department rather than that of the Department of Transport.

Mr. HOWE: I cannot say. The Prime Minister assigned it to me and, if he wishes to take it away, he will exercise his prerogative in that regard.

Mr. SKEY: I ask the question because I notice that under item 432 we have the administration of the Aeronautics Act and regulations. The point I wish to call to the attention of the minister is that there is at the present time a great potential in this country which may be stopped from developing our aerial companies and their abilities if the regulations are too closely followed. I refer to the instructors, engineers, pilots, radio operators, navigators and other specialists, including flying control specialists who have come back from overseas. I understand that the regulations under which they must now obtain licences are in some cases antiquated, while in other cases these returned men are required to pass examinations, for which they have already qualified in the service, but examinations such as perhaps you, Mr. Chairman, or the minister might have passed in your youth, he in engineering and you possibly in agriculture or some other line, examinations in connection with which you have forgotten a great deal though your knowledge goes well beyond that. These men are also required to go through some practical tests on machines which at times are not of modern design.

My point is this. In the United Kingdom the regulations regarding the licensing of various specialist air personnel are handled through the air ministry, and a uniform standard is set throughout the whole country. The results of the examinations, whether set by civil authorities or by air authorities, are fed into the air ministry, and the whole thing is controlled from a central point under an authority which is up to date and knows what the requirements and regulations are for the future.

I feel that at this time some men are being forced to go back and study for possibly six months before they can get a licence to be an engineer. I can quote one case which may startle the committee and the minister. There is a Pathfinder pilot who was able to pinpoint his way into Germany and drop his bombs within 100 yards of the mark, the target for his aircraft following him, and yet when he came back from overseas he was not licensed to fly at night. He had a great struggle with the air transport department to get a licence to fly at night—a Pathfinder pilot from overseas!

I need say no more. The minister will readily see that there should be some tie-up between the air force and the civil aviation division, so that there may be a standardization of licensing and those men qualified in the air may immediately receive civil qualification.

Mr. HOWE: I might point out that if, on discharge from the air force, a man is given a certificate of competency in any field, that certificate is honoured by the civil aviation branch, but he must take his examination in air regulations. After all, he may know a great deal about many things, but he must know his air regulations in Canada, and he must take the physical examinations which are required every year. I cannot believe that the United Kingdom is any more up to date in civil flying than Canada. It does less of it. I would challenge that statement.

Mr. SKEY: I am speaking of administration.

Mr. HOWE: I cannot imagine a closer coordination than there is between the two branches, because each honours the certificate of the other in the field in which it is issued.

Mr. SKEY: The minister has made a statement, but I am not talking through my hat. I happen to know that these men are forced to go back and try examinations although they may be qualified engineers, graduates of Canadian universities, who have served with squadrons or groups and commands overseas. They are forced to go back and write examinations in the very subjects in which they are qualified. Perhaps in the last few months there has been some change; but, as regards a few months ago, what I have said this afternoon is perfectly true. Of course, as the minister says, the man must have his medical examination and he must understand his air regulations and international regulations as well. There is no pilot or technical man who will dispute that. I am talking about a purely technical matter. I know that my information was accurate up to a few months ago.

Mr. HOWE: My hon. friend speaks of an engineer who had pinpointed his way over Germany.

Mr. SKEY: A pilot who failed to qualify as a pilot to fly at night in Canada.

Mr. HOWE: As a transport pilot?

Mr. SKEY: Yes. Second, I was speaking to an engineer who is not a pilot. He was in the technical branch. This man serviced the whole station overseas and had forty or fifty squadrons of men under his control. He was forced to go back.

Mr. HOWE: The finest pilots in the world come out of the air force and join Trans-Canada, but they are not allowed to sit on the lefthand side of a Trans-Canada plane until they have taken at least six or eight months of training. That is simply because the routine of warfare is not the routine of transport work. It is quite conceivable that a man could pinpoint his way all around Germany and yet could not conform with the established technique of landing at night a transport plane filled with passengers. That must be demonstrated. It is quite a different art. Surely my hon. friend is sufficiently familiar with both transport and military work to know that a man cannot come off one job, and do the other job well, whichever way he moves. Each calls for a separate training and a separate technique. That separate technique must be learned. I do not think there is any lack of coordination just because one cannot step into the other field immediately.

Mr. SKEY: I shall give the minister in private the name of the man to whom I am referring. I know he does not want publicity. He was a civilian pilot before he went with the air force, and he came out. He had this trouble, although he was not flying passengers; he was flying cargo. I am sure the minister will know of his case when I tell him the name in private. I am sure of my facts. I say that there must be coordination to have fairness. That must be demonstrated jointly if you are to be fair to the men who have been overseas and to the men who have civil licences as well. I know I am right.

Mr. HOWE: Let me ask the hon. member this. Is he advocating that the Minister of National Defence for Air shall be in charge of civilian air services?

Mr. SKEY: I am merely advocating that the licensing of pilots, technical personnel or radio personnel and so on should be coordinated, so that if a man in the air force qualifies, then he is given a civilian standing as well. If a civilian qualifies he will have a standing in the air force should he be called up at any time. It is a perfectly simple thing to do; it is merely a question of administration.

Mr. HOWE: Without prolonging this discussion any further, I might say that the examinations are the same for the same kind of service. If a man gets a certificate from one branch it is honoured by the other branch; that applies both ways.

Mr. SKEY: I definitely challenge the minister's statement on that, because I know. I have had these men speak to me. When they enter civilian work they do not receive credit for their training and technical abilities which they received in the air force.

Mr. MACDONNELL (Muskoka-Ontario): I draw the minister's attention to the fact that on pages 58 and 59 of the estimates we have expenditures for civilian aviation totalling $9,600,000. On pages 76 and 77 there are other expenditures for civil aviation totalling $12,000,000. I observe certain differences. The second item is under the heading of demobilization and reconversion. Will the minister explain the reason for the second appropriation in connection with civil aviation? It is not clear to me.

Mr. HOWE: The air service estimates are the estimates covering the services which were carried on pre-war. We had a certain line of airports which were built as civil airports. This item covers the operation and maintenance of these airports. The second group of services were built definitely as military services. For instance, there are a number of airports up the Mackenzie river which were built for service purposes which have been turned back to the Department of Transport with all their appurtenances such as radio beams and weather services. The second vote provides funds to take care of these airports, which formerly were not part of the civilian group. At the present time we are trying to consolidate the two. We are trying to work out a pattern which will be the civilian pattern for the future. That takes time. I am hopeful that this will be the peak of the estimates for future years. I hope that we shall get them down, as we can coordinate the services and reduce expenses. To-day we have a vastly larger air network than we had before the war, and until we can consolidate all into one civilian estimate, discard certain airports, turn them back to other uses, and until we can consolidate our weather and radio services, we require these funds to make a transition.

Mr. MACDONNELL (Muskoka-Ontario): I take it that the necessity for the division is that there is a different history back of each. Now that you have your civilian services, I hope that they will be consolidated in the near future; that we shall not need to have this separation very much longer.

Mr. HOWE: I think the next estimates which come down will have only the one group.

Mr. ADAMSON: I realize the minister's difficulty with the DC-3 over the mountains from Lethbridge on. Has he in mind another aircraft to take the place of the small Lockheed Lodestar for the Rocky mountain trip, or does he care to make a statement on that now?

Mr. HOWE: Trans-Canada has on order a number of aeroplanes that will do a ceiling of 35,000 feet on two engines, and they are the plane for the future over the mountains. That is the series which has been named the North Star.

Mr. ADAMSON: A Lockheed?

Mr. HOWE: No, a Canadian-built plane.

Mr. MacNICOL: Will the minister tell the committee of the progress which has been made with the airport at Yellowknife, the size of it, whether it is of concrete and whether it has all the necessary incidentals for flying?

Mr. HOWE: The airport is nearing completion. It has two 5,000-feet runways.

Mr. MacNICOL: Of concrete?

Mr. HOWE: No, grass.

Mr. MACDONALD (Halifax): Would the minister be good enough to tell the committee what the government is prepared to do to assist municipal airports?

Mr. HOWE: The government has not announced a post-war policy. Before the war, there was a policy of assistance to municipal airports. At the moment the government has so much in hand, to bring its present airways up to standard and to take care of the military airports that have been turned over, that at this time it is not particularly anxious to become involved with municipal airports. So I think all I can say is that a more definite policy will be announced in future.

The ACTING CHAIRMAN (Mr. Golding): Carried. Item 433.

Mr. SKEY: I was just going to speak on item 432, and I let my hon friend get in ahead of me.

The ACTING CHAIRMAN (Mr. Golding): We are on item 433 now.

Mr. SKEY: With the minister's permission, I should like to revert to item 432. I had another point in connection with dual control that I wanted to bring to the attention of the minister, in the field of flying control and duplicate facilities. For instance, at most airports which are shared by the R.C.A.F. and the ministry of transport I believe it is necessary for the military machines to have permission from the civil aerial controller before they can take off, and they are sometimes unnecessarily delayed in their operations by having to get permission from the civil authorities to fly from the airport. This usually occurs because of weather conditions, since the air force does fly in worse weather than civilian machines will fly in. Sometimes they do it on purpose; it is necessary in their operations. That is one field where, within the next few months, the air force and civil authorities will have to meet and iron out their difficulties. There is another matter in connection with such facilities as radar and blind landing equipment. They will have to agree on that as well. It seems to me that the government will have to make up its mind within a short time whether it will share airports with the R.C.A.F. or whether it will develop civilian airports for its own operations. I should like to ask the minister if he would comment on that at this time.

Mr. HOWE: Civilian and military flying have shared airports throughout the war. At certain airports there is military control; at certain other airports there is civil control. Some one authority must clear a plane from an airport, as I think my hon. friend will agree. I have heard complaints from civilian aircraft that the military control delayed them; and I have heard complaints such as my hon. friend made this afternoon. I dare say the man in the control tower does the best he can for both. I must say there has been an extraordinary lack of friction between civilian and military aviation where both use the same airports; and both have used a great number of airports throughout Canada. I think it has been amply demonstrated that it is desirable that they continue to do so.

Item agreed to.

Air service—civil aviation division—

433. Airways and airports—construction and improvements, including radio facilities—(revote $562,200)—Capital, $3,837,425.

Mr. PROBE: I wanted to speak on a topic similar to that mentioned by the hon. member who preceded me, under item 432, but perhaps I can bring it up under this item. I want to draw to the attention of the minister the conflict that exists at the Regina airport. This is a municipal airport whose facilities are used by T.C.A., C.P.A., and the Saskatchewan government, which has an aircraft there for emergency flights to outlying districts, to bring people into hospital when

there is such need. I happened to be out at the airport last January when there was a sudden call for this emergency hospital ship to go to a remote corner of the province. The C.P.A. plane was due in one hour from the time this call was received; the Saskatchewan government plane was ready to take off: but in spite of the emergent nature of the flight the control tower refused this ship permission to leave the landing field. I understood from the pilot, to whom I spoke at the time, that this was not an unusual occurrence, and I feel that there is something wrong with control arrangements when such a thing comes to pass. May I ask the minister to explain to the committee just what are the arrangements for the control of the landing and taking off of aircraft at a field such as that in Regina, so that I may get the picture a little more clearly? I understood that C.P.A. have exclusive rights, and decide who shall come in, and when, and how.

Mr. HOWE: The man in the control tower is in full charge of all flights entering and leaving the field. In deciding whether or not he can clear a plane he takes into account the ceiling, which must be 800 feet to allow a plane to come in, and he takes into consideration other planes in the vicinity. As soon as he considers it safe for the plane to take off under the regulations, the plane takes off. I think he treats all planes alike. I do not think he worries very much about who is in the plane, or whether it is a civilian or military plane or a plane belonging to the Saskatchewan government. If it is the turn of the plane to take off, it takes off as soon as it can safely do so.

Mr. PROBE: I am aware of the facts in the case I have mentioned, through first-hand knowledge. It seemed to me that a C.P.A. passenger plane one hour away from Regina would still be somewhere near Saskatoon, and certainly there would not have been any conflict in that case. This would appear to be an unnecessary stricture, if it is possible for military planes to take off within thirty second intervals or so. It seems to me that with competent flying personnel it should be possible for civilian planes to take off under similar conditions. This delay had, of course, nothing to do with the weather; it was a straight matter of priority in the use of the landing strip.

Mr. HOWE: I must say that I am not accepting my hon. friend's word that the reason the plane was delayed was that a C.P.A. plane was an hour away. At LaGuardia field planes are dispatched every minute. At Dorval airport they are dispatched every few minutes.

There are always planes coming and going, but they still dispatch planes promptly, and I am sure the dispatcher at Regina is just as competent as the dispatcher at Montreal. I think my hon. friend had better check his information before he asks me to give further information. There must have been another reason.

Mr. PROBE: Then may I ask who is in charge of the control tower?

Mr. HOWE: The Department of Transport.

Mr. PROBE: The federal department?

Mr. HOWE: Yes.

Mr. HAZEN: The details of this item appear at page 240 of the estimates. I should like to ask the minister to give us a breakdown of the item of $1,483,200 for field services—construction and improvements, and $2,173,290 for radio services—construction and improvements.

Some hon. MEMBERS: Seven o'clock.

Mr. MACKENZIE: With the consent of my colleague and the committee, and in accordance with the promise I gave to the leaders when I made the motion, I move that the committee rise, report progress and ask leave to sit again.

Progress reported.

On motion of Mr. Mackenzie the house adjourned at seven o'clock p.m.

Monday, August 19, 1946

The house met at eleven o'clock.

DIEPPE

MEMORIAL TO CANADIAN ARMED FORCES—LAYING OF CORNERSTONE THIS DAY BY THE PRIME MINISTER

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): Mr. Speaker, with the unanimous consent of the house, which I hope I shall have, I should like to mention that at this very moment as we meet in this chamber this morning, another meeting is taking place in the town of Dieppe to lay the cornerstone of a memorial which the citizens of that town are erecting as an enduring tribute to the memory of Canada's armed forces who invaded those shores four years ago to-day.

At the invitation of the president of the government of France and the mayor of Dieppe, the Prime Minister of Canada (Mr. Mackenzie King) is being given the honour of laying that cornerstone.

I think it is fitting that we in this house should join in spirit the company assembled around the base of that memorial to recall one of the most gallant exploits in the annals of war.

May I be permitted to read into the records of our proceedings to-day four or five paragraphs of the speech which is being delivered there on behalf of the people of Canada by the Prime Minister.

After recalling that the men of Canada's army who landed at Dieppe that day, the men of Canada's navy who escorted them by sea, and the men of Canada's air force who covered the attack, were among the bravest of Canada's sons and that to a man they were prepared for any suffering, any sacrifice their task might demand, the Prime Minister goes on to say:

Dieppe four years ago was a momentary flash from liberty's revolving light. For an instant that light shore forth like some long awaited signal of hope. Almost as suddenly it vanished. For a while in the darkness of those fateful years it seemed to be totally extinguished. Then came the Dieppe of 1944.

To-day we see the Dieppe of 1942 as only time could reveal its true significance—a beacon light prophetic of victory. That light now shines in the fullness of its glory over the freed and free peoples of Europe.

Here in Dieppe on this anniversary we have in mind the valorous deeds of all arms of the fighting services of all the free nations. But Dieppe has yet another significance for France and Canada and for the world. It marks a relationship between our two countries which is not without its message of hope to future generations. Three centuries and more ago brave and adventurous souls from Normandy sailed from this port of Dieppe across the uncharted Atlantic into the waters of the St. Lawrence. On its banks they helped to lay the foundations of settlement and government in the Canada discovered by the hardy mariners of France nearly a hundred years before. In the course of time the Canada of Cartier and Champlain was to witness the clash of rival arms led by Wolfe and Montcalm. But the country to which these Norman pioneers and their descendants contributed so greatly was to give another beacon light to the world. It was to give, as it gives to all nations to-day, the example of a people of different races, of different languages, and of different religious faiths, once at enmity with each other, now united as a single nation, rich in the blending of their separate cultures and cherishing above all else a common heritage of freedom.

In the first world war the people of France saw the sons of Canada joined with their own sons and those of other liberty-loving nations fighting for freedom on European soil. In the war of liberation the world witnessed the armed forces of Canada and France again fighting side by side on the battlefields of Europe. In the mind of France to-day the Canada of Wolfe and Montcalm has become the Canada of Currie, McNaughton and Crerar.

It was not the men of Old France only who three and more centuries ago crossed the Atlantic to face unknown perils and privations; nor in our day was it the men of Canada only who crossed to Europe to share the vicissitudes of war. The women of both our lands, no less brave and venturesome, have played their role in the epic tale of early and present day relations between France and Canada. Many were the missions of mercy in which Sisters of the religious orders of France risked their lives in the days of early settlement in Canada. Centuries later nursing sisters in two world wars came from Canada to minister to the sick and the wounded on the battlefields of France and Flanders. What woman's part has been in all the services we know full well. This page of history has not passed unnoticed. In the hall of fame of the parliament buildings at Ottawa may be seen in marble relief a representation of the part women have played in the founding and restoring of nations. There one sees depicted the Sisters of Old France ministering to the needs and education of the children of Indian tribes in the wilds of North America. There also is depicted the service of nursing sisters of Canada in caring for the wounded on the battlefields of Europe. In the foreground, as the central feature of this relief, is a figure symbolical of humanity; in the background, wholly subdued is another figure symbolizing history. Beneath the memorial appear the words:

> "To perpetuate a noble tradition in the relations of the Old World and the New, led by the spirit of humanity across the seas, woman by her tender ministrations to those in need has given to the world the example of an heroic service embracing three centuries of Canadian history."

It is the tradition of mutual service in the many relationships of nations that above all else Canada seeks to perpetuate in Paris to-day. The representatives of many nations are assembled in an effort to silence enmities bred of racial distrust and international strife. They have met to lay the foundations of a new and happier world. To this conference Canada brings as a beacon light of encouragement and hope the story and the example of her own national life. Canada seeks to see the rich rewards of international understanding, friendship and good will shared in ever fuller measure by the peoples of all nations. The people everywhere are praying to-day that those concerned with the making of peace may find it possible to lay well and truly the foundations of a better world.

This memorial will stand to future generations as a symbol of enduring friendship between France and Canada. Is it too much to hope that its foundation stone may also be a record of the country and the year in which the warring nations of our time had found a way out of conflict into co-operation? What could speak more eloquently of the wisdom of our day and generation? What more substantial hope of an enduring peace could be given to a war-weary world?

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, I am sure the thanks of the Canadian people from one side of the nation to the other will go out to the citizens of Dieppe for the tribute they are at this moment paying to the Canadian forces, particularly the forces which attempted to

find a way to get into the continent of Europe when it was so strongly held by the German forces. It was my privilege eighteen or twenty months ago to visit the site of that invasion. I remember very well walking through the streets of Dieppe, filled as they were with debris, and fenced off at nearly every corner by concrete barriers. I remember standing on the beaches and wondering how any man could come back alive after the fire that must have been showered upon them. I remember standing on the heights and looking down on those beaches where so many were killed. In the midst of that environment I could not help but think that only a miracle made it possible for any of the Canadian forces to come back from the inferno of that raid.

I wondered what it must have felt like to be a member of the Canadian force on that occasion; and it is a matter of regret that at this moment as I look behind me I do not find in his seat one who took part in that invasion and who as a result of his contribution was awarded the Victoria Cross. I am sorry that the hon. member for Vancouver-Burrard (Mr. Merritt) is not in his place.

One memory above all others that I carry with me from that visit to Dieppe was a story given to me by the people of that community. I have forgotten what the official called himself; he was in charge of the affairs of the city after the Germans had been driven out but before the war was over. I was told of the circumstances of that day in 1942 when our boys suffered such heavy casualties—over 3,000, including, if my memory serves me aright, some 700 dead. The story was that the Germans were about to bury our dead in a common grave, when, as I am sure all Canadian people will be glad to remember, the citizens of Dieppe, at that time in a defeated and occupied country, asked for the privilege of giving our boys an honoured burial each in a grave of his own. So they picked out a field for a cemetery on the gentle slope of a hillside two or three miles—perhaps more; I am speaking from memory—from Dieppe; and there, if you go to-day, you will see the graves of the honoured dead of the Canadian forces who fell in that assault. As I moved up and down among the white crosses I saw, as I had seen at other cemeteries in France where the name of the soldier was not known, these words on his cross, "Known unto God."

Mr. Speaker, I think it is peculiarly appropriate that we should be meeting in this house here in Canada when our Prime Minister (Mr. Mackenzie King) is laying the cornerstone of a memorial to our forces, a memorial erected by the citizens of Dieppe. I think I can say with the Acting Prime Minister (Mr. St. Laurent) that Canada stands to-day where she stood before, for the right of each nation to determine the character of its own future. We are glad that our men had a part in liberating France. We appreciate this expression on the part of the citizens of one section of France for the part our forces paid in liberating their country; and we trust that our relationship with that old land will continue to be what it has been for so many years—one of mutual trust and confidence and good will.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, on behalf of our party I should like to join in the expressions of appreciation of the action of the citizens of Dieppe in erecting a memorial to the men of Canada who fell on the beaches in the operation which took place there four years ago to-day. It is peculiarly fitting that accompanying the Prime Minister to-day in Dieppe is the Minister of Agriculture (Mr. Gardiner), who lost his eldest son in that raid. In spite of the turmoil of political controversy our sympathy went out to him then; the laying of the cornerstone of this memorial must bring back to him poignant memories.

With the hon. member for Melfort (Mr. Wright) and the hon. member for Cape Breton South (Mr. Gillis), I too had the privilege of visiting Dieppe on the second day of October, 1944, when the debris was still in the streets. Like the leader of the opposition (Mr. Bracken), I marvelled how it was possible for any of the men to have survived when I saw the cliffs above those beaches: indeed, one of the officers who participated in the raid and took the tanks over, and who showed us the beaches, shrugged his shoulders and said, "You might just as well have attempted to take the rock of Gibraltar." And so it seemed to us.

I am sure that all hon. members of this house appreciate the tribute being paid to the men of our armed forces by the citizens of Dieppe, and particularly to those who were sacrificed there. We shall always remember them with gratitude, and our hearts go out to relatives and friends who lost sons, brothers, husbands in that operation.

I visited the cemetery near Dieppe. It occupies a commanding site looking toward the Atlantic ocean on the west—towards Canada, as it were—a place reverenced and beautifully kept by the citizens of Dieppe. As I walked up and down among the crosses I saw, among others, the names of boys of the South Saskatchewan regiment, which suffered such heavy losses in that adventure.

Here, I thought, was an example of national unity which we should always bear in mind. I read names obviously of boys of English origin, of Scottish origin, of Irish origin, of Welsh origin; but there were names too of the sons of immigrants who had come to us from the Ukraine, from Czechoslovakia, from Germany itself. Sometimes when I think of the anti-semitism that is spread across the country I remember that there I saw too the unmistakable Jewish names of boys who had fallen in that battle. Quebec regiments too were decimated there; the crosses bore the names of many boys of famous French Canadian regiments. If we could only take that lesson to heart, the lesson of those boys dying together and resting in the same foreign soil, the unity of Canadians of all origins being there symbolized, and if only we could carry that lesson into the future, we could yet build a Canada which would be worthy of the sacrifices they made.

Mr. SOLON E. LOW (Peace River): At this hour the hearts of thousands of Canadians turn to Dieppe where loved ones or friends or acquaintances who were members of the Canadian armed services fell in battle. Though we cannot be there in body, I feel certain we are all there in spirit. Our Canadian hearts swell with pride and thanksgiving when we think of the achievements and the sacrifices of our men at Dieppe. We remember especially to-day those who made the supreme sacrifice and who now lie buried in or near that French city. We remember also those who, though they may not have made the supreme sacrifice, paid with wounds and suffering which they will bear to the end of their days. Nor do we forget those who were quite willing if the need arose to make any sacrifices they might have been called upon to make.

I should like to join with all the others in thanking the citizens of Dieppe for the tribute which this day they are paying to fallen Canadian heroes. I feel quite sure from what has been said and what I have read, that the sacrifices of these Canadian heroes will not have been made in vain, and that as the days go by we shall see evidence that their achievements have helped to bring into this world permanently a spirit of freedom and liberty which we should all share.

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): May I say one word? In the first place, I should like to express my deep and abiding appreciation of the moving tributes from all the leaders of this parliament. He has not taken his seat yet, but I see the hero of Dieppe—I wish he would take his seat now—in our moving Canadian story. In all the episodes of heroism on various battle-fronts throughout the world, there is nothing more stirring, more appealing, more heroic than the figure of Cecil Merritt of Vancouver dashing gladly and fearlessly across that terrible bridge.

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): I have just a word to say on behalf of the rank and file. The leaders have spoken well; the Minister of Veterans Affairs has also spoken well of the heroes of Dieppe, and particularly of my hon. friend the member for Vancouver-Burrard (Mr. Merritt), who deserve the tribute that has been paid them. However, I wish to say a few words on behalf of one who was with him, who was born in my own constituency, Colonel Dollard Ménard, D.S.O., who is now in Ottawa. He was with the hon. member for Vancouver-Burrard in the same experience, but in that experience the boys of Canada paid the promissory note of Great Britain to Stalin in preparing the way for the landing of troops on the continent. That is the first thing for us to remember, and to recall it is not to diminish the glory of those who participated in that raid. Nevertheless, this is one more occasion on which Canada has paid what was promised by another government to a third government. That, I repeat, is the first thing to remember.

I listened to the beautiful speech delivered by the hon. member for Rosetown-Biggar, who spoke of the unity of men of different origins, men from all parts of Canada, of all races, who joined in a common enterprise and now lie under white crosses in a cemetery in France. It may be an inspiration, and of course I sympathize deeply with those who have relatives resting in those graves. Blood is thick, and it is the most natural thing that our sympathies should go first to the parents and relatives of those who fell in the raid. Moreover, it is proper that fitting tribute should be paid to those men as it has been paid to other heroes of great distinction.

But beautiful speeches will not bring our dead to life; they will not restore those boys who were the future strength, the future pillars of the state. They are dead for ever; a new generation is growing up, and the lesson that we must not forget from our experience of the past is that certain things that have happened shall not happen again, at least for a very long time. But if we read the current press we see that to-day there is no progress over yesterday, yesterday there was no progress over the day before, in the dealings of men who are now praising the dead but who

do nothing to prevent the death of our young men of future generations, and of those who are now of military age. If the hon. member for Vancouver-Burrard, the boys of the Mount Royal regiment and all the others who were there, it was not to make a sacrifiec; it was to beat the Hun. I am sick of hearing of sacrifice or that the soldier thinks of sacrifice at the moment of battle. They are not Isaacs going to the altar of sacrifice; they are men of flesh and blood who go there to defeat the enemy. I am sure that if they were asked what they were doing there they would say that they were doing a job. They were fighting so that there would be no more war. That was said of world war I, and it was repeated of world war II, but no progress has been made.

I sympathize with the Minister of Agriculture (Mr. Gardiner) who lost his son during the Dieppe raid. My heart is with him; he has the sympathy of all of us. But all that sympathy will not bring his son to life. It will not prevent his other son and the other Canadian boys from engaging in these wars which are decided by old men, men above military age who forget that God restrained the hand of Abraham when he was about to sacrifice Isaac. That is the history of the past, the history of the Old Testament, and it should not be forgotten in our time. We see these old men coming here making speeches, telling us of the sacrifices which we should not forget. That is true; I am all for praising these men, but something should be done so that history will not repeat itself a third time and the boys shall not be sacrificed to the fire-eaters and the warmongers of Europe. This is a time when it is more important than ever to understand that the only way to do something in proper relation to the marvellous task which has been performed by our boys and by the boys of all the united nations, is to act in accordance with what they have done, to be practical and to put a stop to that warmongering spirit which has been the disaster of the world, so that it shall not rise again.

Mr. BRACKEN: I am wondering whether the house would not welcome a brief word from a private member who lived through the Dieppe raid.

Some hon. MEMBERS: Hear, hear.

Mr. C. C. I. MERRITT (Vancouver-Burrard): Mr. Speaker, I thank the house for their more than kind reception of me this morning, which I would like to accept on behalf of all those who took part in the raid. Had I realized that anything like this would happen I can assure you that I would have been upstairs in my office. Many things have been said about the difficulties and the peculiar circumstances which we faced at Dieppe, but I know that everybody who went there was delighted to go. Despite all that happened we all felt that what was done was worth doing, in that from the operation great lessons were learned. In remembering the large number of Canadians who fell at Dieppe I should say that in the opinion of one who was there, the sacrifice which they, and their relatives who remain, made through their deaths was one that was well worth while.

RAILWAYS AND SHIPPING

CONCURRENCE IN THIRD REPORT

Mr. S. M. CLARK (Essex South) presented the third report of the sessional committee on railways and shipping, and moved that the report be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

AIR OBSERVER SCHOOLS

Mr. DIEFENBAKER:

1. How many air observer schools were operated during the period of world war II, and what was the location and number of each?

2. What was the total surplus earned by each of said air observer schools or operating companies?

3. What amount did each pay for taxation?

4. What amount did each receive and retain out of the said surplus or by way of bonus or savings or otherwise?

Mr. GIBSON (Hamilton West):

1. There were ten civilian operated air observer schools as follows:

(1) Dominion Skyways (Training) Ltd., Malton Airport Ont.; (2) Canadian Airways (Training) Ltd., Edmonton, Alta.; (3) Prairie Airways, Ltd., Regina, Sask.; (4) Leavens Bros. (Training) Ltd., London, Ontario; (5) Winnipeg Air Observer School, Ltd., Winnipeg, Man.; (6) Prince Albert Air Observer School, Ltd., Prince Albert, Sask.; (7) Portage Air Observer School, Ltd., Portage la Prairie, Man.; (8) Quebec Airways (Observers) Ltd., Ancienne Lorette, P.Q.; (9) Dominion Skyways (Observers) Ltd., St. John, P.Q.; (10) Northumberland Air Observer School, Ltd., Chatham, N.B.

2.

No. 1 Air Observer School...	$429,742.58
No. 2 Air Observer School...	378,724.23
No. 3 Air Observer School...	88,206.52
No. 4 Air Observer School...	618,402.36
No. 5 Air Observer School...	573,073.05
No. 6 Air Observer School...	83,897.39
No. 7 Air Observer School...	550,659.00
No. 8 Air Observer School...	175,000.00
No. 9 Air Observer School...	351,008.31
No. 10 Air Observer School...	150,000.00

3. This information is confidential to the companies concerned and could not be disclosed without their consent.

4. Nil; with the exception of No. 6 air observer school which was closed prior to the revision of the contract and the earned surplus retained amounted do $39,761.79.

CANADIAN ARMY—OFFICERS AND OTHER RANKS ON STRENGTH—TANKS

Mr. PEARKES:

1. How many officers, and how many other ranks were on the strength on August 1, 1946, of (a) the active force; (b) the interim army; (c) the army in Canada, exclusive of (a) and (b)?

2. How many tanks, and of what type are there in Canada?

3. How are these distributed as among (a) units of the active force; (b) central schools; (c) reserve army?

Mr. LAPOINTE: Mr. Speaker, I have asked the hon. member to drop parts 2 and 3 of this question, and I shall furnish him with the information he is seeking in part 1.

1. According to returns as at 31st July, 1946:

	Officers	Other Ranks	Total
(a) Active force (C.A.S.F.) (excluding interim army)	4,947	33,201	38,148
(b) Interim army ...	2,613	10,905	13,518
(c)	Nil	3,736	3,736
	7,560	47,842	55,402

Mr. SPEAKER: Parts 2 and 3 dropped.

WHEAT—PAYMENTS TO BROKERS AND COMMISSION MERCHANTS

Mr. FAIR:

During each of the crop years 1939-40 to 1945-46, what amount was paid by the Canadian Wheat Board to brokers and commission merchants on the sale of wheat?

Mr. MacKINNON: I suggest that this question be dropped, because the information is given at page 4830 of *Hansard* of August 15.

Mr. SPEAKER: Dropped.

PRICE CEILINGS—HORSESHOEING

Mr. POULIOT:

1. Is there a ceiling for horseshoeing?

2. If so, what is such ceiling?

3. Is such ceiling uniform throughout the country?

4. If not, what are the various ceilings for horseshoeing, and why is each of them different?

5. When were such ceilings established and modified, if such is the case, and what was the reason in each instance?

6. When establishing these ceilings, did the wartime prices and trade board take into account the increase in the cost of iron, steel and nails?

7. What was the price of horseshoes and nails for horseshoeing in September, 1939, and what is the said price to-day?

8. What is the ceiling for horseshoeing (a) in Toronto, and (b) in Rivière-du-Loup?

Mr. MAYHEW:

1. No.

2, 3 and 4. Answered by No. 1.

5 and 6. Ceilings on horseshoeing were established for individual operators at levels established by their charges during the basic period, September 15 to October 11, 1941. Such ceilings were established by the wartime prices and trade regulations, which became effective December 1, 1941. Maximum prices for new entrants after the basic period were established at levels comparable to other operators in the same area. Horseshoeing was suspended from price control effective July 8, 1946.

7. The board has no information as to the prices of horseshoes and nails in September, 1939. Both horseshoes and nails have been subject to price control since December 1, 1941. The original basic period ceilings established by prices charged by the individual seller during the period September 15 to October 11, 1941, were adjusted upward on April 1, 1946, to reflect the increased cost of production of iron and steel, 10 per cent in the case of maximum prices of horse nails and $1.00 per hundred pounds at the manufacturers' level with corresponding amounts for subsequent sellers in the case of horseshoes.

8. Answered by No. 1.

CANADIAN BROADCASTING CORPORATION—DECENTRALIZATION

Mr. CHURCH:

1. Has the Canadian Broadcasting Corporation purchased a site near Montreal, at Outremont, for radio headquarters? If so, what was paid for the site?

2. Has the government reconsidered since last session, 1945, the decentralizing of radio in Canada so as to include two radio cities, one at Toronto and one at Montreal?

3. What plans has the corporation for carrying out such an arrangement?

Mr. McCANN:

1. No.

2. See answer to No. 3.

3. The corporation's plans include a building in Montreal to house the services now in three different rented premises and a permanent structure in Toronto to replace the present building bought and adapted for use a year and a half ago.

QUESTIONS PASSED AS ORDERS FOR RETURNS

COURT OF RENTAL APPEALS—APPOINTMENT OF JUDGES BY WARTIME PRICES AND TRADE BOARD

Mr. FULTON:

1. How many judges or persons holding judicial office have been appointed up to date by the wartime prices and trade board as a court of rental appeals under Order in Council P.C. 9029, or any other such authority?

2. What are the names of such judges, the dates of the appointment of each, the region, county or province for which appointed, and the date of termination of appointment if any, in each case?

3. How much money has been paid to each judge for the duration of his appointment under Order in Council P.C. 9029, or such other authority as is applicable (as now consolidated under Order in Council P.C. 3122 of 1946) for (a) a supplement for additional duties; and (b) transportation expenses (including automobile) in the performance of such duties?

Mr. MARTIN: Return tabled.

WAR ASSETS—BREN GUN CARRIERS

Mr. McCULLOUGH (Assiniboia):

1. How many Bren gun carriers have been declared surplus, and to whom have they been sold?

2. How many are still held by any department?

3. How many types of army tanks were manufactured for war purposes?

4. How many of each type remained in Canada at the close of the war, or since that date?

5. What has been done with these tanks?

WAR ASSETS—CASH REGISTERS

Mr. DIEFENBAKER:

1. Is War Assets Corporation responsible for disposition of cash registers surplus after use in (a) canteens and messes of abandoned military camps in Canada, and in (b) dining and recreational services in munitions factories operated by the Department of Munitions and Supply?

2. If not, what disposition is planned for these cash registers?

3. Are these cash registers available for purchase in single units by the general retail trade?

4. Do veterans' applications for surplus cash registers receive any special considerations?

5. At what average price have all surplus cash registers been sold to this date?

[Mr. Church.]

CANADIAN SECURITIES HELD IN THE UNITED STATES

Mr. COCKERAM:

1. What was the amount of interest paid during the years 1944 and 1945 to residents of the United States by the dominion government on dominion government securities held by United States residents?

2. What is the amount of dividends and interest paid by Canadian corporations to residents of the United States, during the years 1945 and 1946?

HOUSING—WOMEN WITH OVERSEAS SERVICE

Mr. NICHOLSON:

1. What priority is granted to women with overseas service who might wish to secure a house under any of the government programmes?

2. May a woman veteran, on being married, add her priority points to those of her husband with a view to securing housing accommodation?

CEMENT

Mr. MOORE:

1. What was the total production of cement for the years 1943, 1944, 1945 and 1946 in Canada?

2. How much was exported in each of these years, including 1946?

3. Has any branch of the construction industry priority on the purchase of cement?

4. How much cement was imported to Canada from abroad in the years 1945 and 1946?

RADIO BROADCASTING ACT

CORPORATION TO RECEIVE LICENCE FEES—ADVANCES ON ACCOUNT OF CAPITAL EXPENDITURES

Hon. J. J. McCANN (Minister of National War Services) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill to amend The Canadian Broadcasting Act, 1936, to provide (a) that the chairman shall be eligible to become a contributor and entitled to benefits under any established pension fund of the corporation; (b) for the tenure of office and reappointment of the general manager; (c) for the deposit to the credit of the corporation all fees received from private receiving licences and private station broadcasting licences, without deduction of costs of collection and administration, and (d) authority to advance to the corporation sums up to two million dollars during the present fiscal year and such sums in subsequent years as may be authorized by parliament from time to time on account of capital expenditures.

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

Motion agreed to.

BUSINESS OF THE HOUSE

OPPORTUNITY FOR DISCUSSION OF REPORT OF INDUSTRIAL RELATIONS COMMITTEE

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): May I ask the Acting Prime Minister when an opportunity will be given to discuss the report of the industrial relations committee?

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): It is hoped that the estimates of the Department of Labour may be called to-morrow, and that this would afford a convenient opportunity for discussing the report as well as other matters connected with industrial relations.

Mr. BRACKEN: Is it thought that this procedure will be followed in preference to a motion to concur in the report?

Mr. ST. LAURENT: That would depend upon the pleasure of the house, but I should think it might be assumed that at this time the house would desire to have the whole debate on labour relations take place at the same time; and it was thought that if the estimates of the Department of Labour were called at the time this report of the committee was being considered, the whole debate on labour relations could take place then.

Mr. BRACKEN: All I wanted was some indication from the government as to the procedure that will be followed. I was not here Saturday afternoon, but I gather that some intimation was given that there would be a motion to concur in the report, and that it would be moved to-day. I am not suggesting what should be done, but I think the house should be advised as to the plans of the government.

Mr. ST. LAURENT: A question was put to the chairman of the committee, who said it was his intention to move concurrence. Later in the day, however, he told me it would not be possible for him to be back this morning, and I said I thought it might suit the convenience of the house to have that motion and the estimates given consideration at the same time in order to avoid a duplication of debate on industrial relations. It is hoped that this may be done to-morrow, though as the first item to-morrow morning hon. members of the other place have asked that we call third reading of the bill dealing with the Income Tax Act, so that it may get over to them and they may have an opportunity to give it full consideration. Immediately after that it is the intention to have done all that may be necessary to bring before the house for consideration the report of the industrial relations committee, and also the estimates of the Department of Labour.

Mr. BRACKEN: I think it desirable that the labour estimates and this report be dealt with at the same time. May we now understand that there will be a motion to concur in this report, probably to-morrow?

Mr. ST. LAURENT: Yes.

Mr. MacINNIS: May I rise to a point of order? I do not think you can have a motion to concur in the report and then go on with the labour estimates, because that means either that a vote will be taken on the report or that we will debate the report and discuss the labour estimates later. You cannot do the two things at once.

Mr. ST. LAURENT: You cannot perhaps do the two things as one, but if they are done in sequence it will avoid duplication of debate.

PRIVILEGE

MR. POULIOT—REFERENCE TO EDITORIAL IN TORONTO "TELEGRAM"

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): I rise to a question of privilege, Mr. Speaker. I am very lenient with regard to the expression of opinion by the press concerning my utterances in parliament. I believe in freedom of speech, and one must be tolerant with regard to the expression of views by colleagues, by the press and by people outside of parliament generally. But this time I hold in my hand a clipping which is an editorial—

Mr. SPEAKER: Order.

Mr. POULIOT: —of the Toronto *Telegram*—

Mr. SPEAKER: Order. The hon. member knows the rules in regard to questions of privilege. When a member rises he should state the question of privilege and be brief and to the point.

Mr. POULIOT: Exactly, sir; and I was just about to read the editorial when you rose. It is under date of August 6, 1946:

> Mr. Pouliot has taken cowardly advantage of the privileges of the house to use language and make accusations which he must know would likely submit him to an action for slander had he expressed himself in similar terms elsewhere. It is surprising that the Speaker, who is so meticulous about his own privileges, failed to rebuke Mr. Pouliot for abusing the privileges of the house.

—which was done this morning. With all due respect for the Chair, Mr. Speaker—and you know I have the deepest respect for you—

I cannot stand for an accusation of cowardice by the editorial writer of this newspaper. The House of Commons has been my battle ground, where I have carried on my fight against the quacks of the medical corps of the army. Of course I made laudable exceptions, but they are few.

Mr. SPEAKER: Order. The hon. member will agree that it is against the rules to make a speech on a question of privilege. He should state his point of privilege briefly and then resume his seat.

Mr. POULIOT: My point of privilege is that the last man to be called a coward is the member for Temiscouata. If I made those statements in the house it was because in this house I have been fighting for the soldiers who were so badly treated by quacks like Chisholm, and I denounce him. I refer those interested to sessional paper 818 of this session; and I tell the writer of the Toronto *Telegram* that if he considers Chisholm, the cruel Chisholm, the criminal Chisholm, a great man, he himself is a jackass.

MR. DIEFENBAKER—REFERENCE TO RETURN RESPECTING CAMP BORDEN ARMY REJECTION OR MEDICAL DISCHARGES

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I rise once more to a question of privilege in reference to the omission of certain letters from a return brought down the other day having to do with Camp Borden army rejections or medical discharges. I think I can simplify the matter by asking that the letters omitted from the file be produced. I do not want to return to this matter on future occasions, but you, Mr. Speaker, are the custodian of the privileges of parliament; and through you, in support of those privileges, I ask that those letters which were omitted be produced. It is not a matter of anyone's opinion as to whether the letters should be produced, for when the return was passed by this house there were no qualifications. The order was that a copy of all correspondence be produced. The correspondence produced indicates that on March 22 Mr. Robinette gave an opinion in regard to prosecutions being taken in this matter. That appears in the letter of March 26, 1945, from Mr. Miall to the director of mobilization. The same letter is referred to in a letter of April 5, 1945, from Mr. Anderson to Mr. Miall. Secondly, there is the omission of Mr. Robinette's letter of October 12, which is referred to in the communication of Mr. Varcoe, deputy minister of justice, to Mr. MacNamara, deputy minister of labour. There is also the acknowledgment of that letter on November 13 from Mr. MacNamara in a letter to Mr. Varcoe, which is as follows: "November 13, 1945—"

Mr. SPEAKER: Order; I would ask that the hon. member do not read the letter. I understood that he was rising to a question of privilege with respect to certain papers which he says have not been produced. I do not think he should use that as an excuse to read letters into the record.

Mr. DIEFENBAKER: I submit to your ruling, Mr. Speaker. I was showing that the letters did refer to other letters. There is no need for any show of ill-feeling on the part of my right hon. friend. This is a matter which affects the prerogatives and privileges of parliament; for according to sessional paper 258A, two counsel were of the opinion that the report indicated a prima facie case.

Mr. SPEAKER: Order. If the hon. member rises to a question of privilege in connection with an order of the house which has been passed for the production of papers, he should state his question of privilege, ask what he wishes, and then resume his seat.

Mr. DIEFENBAKER: Yes. My question of privilege is this, that law officers of the crown, or counsel, proposed action. The Deputy Minister of Labour first directed postponement of action and finally that action be proscribed. It is because the absence of these letters from the files is in contravention of our rights that I am asking the minister to produce them now.

Right Hon. L. S. ST. LAURENT (Minister of Justice): My hon. friend speaks about ill-humour. There is no ill-humour at all. There is some regret that he did not wish to wait until I get the memorandum from the law officers in order to give a more complete answer. But since the hon. member insists, I shall give such answer as I can at the present time.

The hon. member complains, first, that an order of the house has not been complied with. The order of the house was for the production of all correspondence between the Department of National Defence and/or the Department of Labour, and/or the Department of Justice, and between any one or more of said departments since January, 1944, to date, in connection with certain things.

The hon. member's complaint is that the report tabled referred to four documents which were not produced, and he listed them. The first of them is a letter from Mr. Robinette, K.C., of Toronto, addressed to the Department of Justice. That is not correspondence

between the Department of Justice and the Department of Labour or any other department. That is a confidential report made by counsel to the Department of Justice. It always has been the rule there, and so long as I am minister I shall endeavour to have it observed, that counsel whom we consult may give us their report and their opinion in a confidential manner, as lawyers do to all their clients, without feeling that later those reports or opinions will be tabled in parliament.

The next is a letter from Mr. Miall to Mr. Anderson, dated March 26. Mr. Miall was assistant deputy to the Minister of Justice, and Mr. Anderson was another law officer of the Department of Justice. That is not correspondence covered by the order which was made. The order is for correspondence between different departments. It has always been the well-recognized rule that communications prepared for a minister by an official of his department are privileged and are not tabled. There was no reason for making any reservation on this motion because the motion does not call for such documents. The motion calls for correspondence passing between the Department of Justice and/or the Department of Labour and/or the Department of National Defence, and not for intradepartmental correspondence between officials of the Department of Justice.

The third item mentioned is a copy of a letter from Mr. Robinette, K.C. That was a letter addressed by him to the deputy minister of justice and addressed by him as counsel retained by the Department of Justice, and what I said with respect to the first item applies.

Respecting the fourth item, I have not yet been given an explanation of why it was not presented in the return. It would be a letter of the deputy minister of justice to Mr. MacNamara. I saw the deputy minister of justice about it Saturday morning, but I told him he need not give up his Saturday afternoon to look into it. I called this morning to find out if he had been able to do so this morning, and was told he would have the explanation for me to-morrow morning. So with respect to that item I have not yet the information, and that is because I did not think it was a matter of such urgency that I should ask the staff in the department to work Saturday afternoon to get it for me.

Mr. DIEFENBAKER: It is not a question of asking the staff to work Saturday afternoon. I have reference to—

Mr. SPEAKER: The hon. member has stated his question of privilege, and the Minister of Justice has answered. I will not permit a debate on a question of privilege.

Mr. DIEFENBAKER: I do not know whether you will permit me to say anything more, but I will say this, that I submit I have a right to say what the minister has stated is not in accordance with the facts.

Mr. SPEAKER: It is against the rules to debate a question of privilege, and I will not permit it.

LABOUR CONDITIONS

TYPOGRAPHICAL DISPUTE—SOUTHAM NEWSPAPERS —LETT REPORT

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, now that the Minister of Labour has tabled a copy of the report of the Card commission, which was made some months ago, will he also table a copy of the report of the Lett commission, which was made more recently, in connection with the typographical dispute?

Hon. HUMPHREY MITCHELL (Minister of Labour): I shall be glad to do so, and would point out that a copy of Commissioner Lett's report was forwarded to both parties, and a press release issued on it. I shall table the report, however.

Mr. MacINNIS: I should like to ask a supplementary question in regard to this matter. I understand the Vancouver *Province* is a party to this report, and has given notice to its employees. Will the minister say if he has made an attempt to bring the parties in the dispute together as recommended in the Lett report?

Mr. MITCHELL: Yes; I have requested Mr. Justice Richards to endeavour to bring the parties together, based on the findings of the Lett report.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Demobilization and reconversion—
570. Naval services, $72,817,856.

Hon. DOUGLAS ABBOTT (Minister of National Defence): Mr. Chairman, I do not know what the wish of the committee would be with respect to the method of dealing with these estimates, but in past years when we have been considering them under the war appropriation it has been customary to

take the various main headings which are to be found on page 275 of the estimates such as civil salaries and wages, pay and allowances, travel, transportation and freight, and so forth. It seems to me that it would make for orderly discussion, if the committee approves, if we were to consider the naval service vote under these twelve or thirteen separate items, having the general discussion take place, as has been the case in the past, on the item for civil salaries and wages. But I am in the hands of the committee.

Mr. STIRLING: Is it the purpose of the minister to make what we have been accustomed to look forward to as an annual statement with regard to the position in which the Royal Canadian Navy to-day stands?

Mr. ABBOTT: It had not been my intention to do that. I had thought that we might treat these estimates in the usual way in which the ordinary estimates are considered. I made a fairly complete statement last session as to the naval position, and subsequently in a number of public addresses, press releases and the like I have indicated the general character and size of the post-war navy, and my plan had been to proceed with these estimates in the ordinary way.

Mr. STIRLING: Then I would like to take a few minutes to make one or two general remarks as we have been accustomed to do in previous years.

Last year the minister described the then position of the navy with regard to strength, and gave figures as to what he believed the navy would arrive at in the course of the next year or two. He told us that the government's policy favoured an interim force for two years, at the end of which it might be possible for the government to develop a larger and longer policy. He gave the figures which he then had of an authorized strength of 771 officers and 8,003 ratings. He stated that the actual strength at that time was 534 officers and 3,383 ratings. Then we had a return made the first of this year which increased these figures to 751 officers and 4,364 ratings. In the course of the discussion of these items I have no doubt that the minister will give us the latest figures. The figures he has given indicate that he has very nearly a sufficiency of officers, but there is a great lack of ratings, and I am given to understand that that lack is principally in what I might call the middle ranks. The recruiting is bringing in a certain number of boys, fresh recruits; there are chief petty officers, some of them of the permanent service, and some having received their training and having developed themselves during the war years have come in through one of the reserve services. But between those two there is a considerable lack of able-bodied seamen and of those who have begun to specialize in their training courses.

The minister also indicated that new rates of pay and allowances would shortly be put forward, and they were subsequently, but they do not seem to have been of sufficient attraction to bring in the required number of recruits. The minister was looking forward to augmenting the ranks of the permanent service by those from the reserve forces who might desire to continue, at least for the two years, and also by those who had already gone back to civil life but might reconsider their position and return to the uniform. The minister will describe, I hope, what progress has been made in that direction. My information is that a certain number did follow that line but they did not remain in uniform again very long. They slipped out again for various reasons which the minister may be able to explain.

He also told us what he believed the Canadian navy would attain in the number of vessels in commission. There were to be two light cruisers, probably two light fleet carriers, ten to twelve destroyers and the necessary ancillary craft, and he hoped to have frigates in reserve. There again we should like to have the figures of the commissioned ships of to-day. If I am not mistaken they do not reach anything like that number, and probably cannot reach anything like that figure because of the shortage of ratings. We had quite an argument when the minister was discussing this last year on the figure which he gave of 10,000 officers and men, which he hoped would be sufficient to serve on the vessels described. I think it is more than evident to-day that he has not sufficient officers and men to take care of the work ashore as well as keeping these various vessels afloat.

The position of the Canadian navy is in essence just what it has been over the years. Its main duty is surely that of protecting the trade routes, the incoming and outgoing commerce on which Canada, being an export nation, so largely depends. She has that duty to perform on both coasts, and the minister will describe how nearly in his opinion government policy will provide for protecting those trade routes. During the war Canada's navy received a magnificent tribute from the allies because of the services which she rendered. From very small numbers at the beginning of the war she developed extremely rapidly and she provided the vessels necessary for the convoys, not only for convoying the

materials which were passing from Canada but taking care to a large extent of the convoys on the Atlantic, at first half way across and then two-thirds of the way, up to Iceland, across to Scandinavia; and after the United States came into the war, they being so short of vessels, Canadian naval vessels had to be used to take care of tankers in the Caribbean. Canada, then, starting from very small numbers, was able to creep up to very considerable numbers, and she carried out a magnificent work.

But we must never forget that, even though the world had a second dreadful lesson of unpreparedness for war, we and the allies were able to overcome that lack of preparedness only because of what a famous United States citizen described as "the phony war," and if war does hit us again we must truly believe that we shall not have any period in which we can slowly, carefully, methodically develop our forces; in other words we must be prepared. And what must we be prepared for? We must be prepared to provide such naval strength as will enable us to look after Canada's interests in whatever war may come. As in the past, so in the future: we can only think of doing that by collaboration with allies.

Next month, I believe, in London there will meet the heads of the services of the commonwealth defence forces. They will speak each for themselves and prepare plans in collaboration with each other for the part which each will be ready to play if war comes, and even in the years of peace during which preparation can be made. I do not know whether at this stage the minister will be prepared to give the committee any indication of the line of argument which our naval representatives will take at that conference.

Besides that, there is still in existence the joint defence committee of the United States and Canada, to which I think representatives of the United Kingdom come, at least in a consultative capacity. I hope the minister will indicate what the government's policy for the future is with regard to the Royal Canadian Navy, in that cooperation with the United Kingdom and the United States, because in those two navies, with which we must collaborate, there will be differences of training, equipment, weapons, munitions, and general conduct of naval affairs. I should be very much interested therefore in learning in which direction in those regards the Canadian navy is expected to lean. If she is going to collaborate principally with the United Kingdom navy, she will be so guided in her actions with regard to equipment and training and ammunition; but if on the other hand it is expected that on the Atlantic and the Pacific she will principally collaborate with the United States navy, the answers to these questions will undoubtedly be different.

There is another matter on which I hope the minister will inform the committee with regard to his proposals for the future, and that is the great necessity, which exists more than ever after this second great war, to arrange that the navy and the air force shall be most cooperative. It is true that Canada has provided herself or is providing herself with two light fleet carriers. That goes some distance towards the cooperation which I seek. But in the manoeuvres which, small as they have been in the past, will I hope be very greatly increased in the future, both with the United Kingdom fleets and the United States fleets, there will be opportunities for a great deal more cooperation between navy and air than there has ever been yet. I should like the minister to describe the government's policy with regard to the training of pilots for the air arm of the Canadian navy, and to give us the assurance that cooperative action between those two members of the defence forces is to be carried out with greater intensity in the future than in the past.

Further remarks I think I will leave until we reach the items; but I should like the minister to give us some understanding of what the actual position to-day is with the Canadian navy.

Mr. POULIOT: Before the minister answers I would ask the hon. gentlemen who compose the committee to look at page 275, "Naval Services," and something will strike them: it is that "pay and allowances," meaning the pay and allowances of the crews of the ships, have been reduced from $98 million to $16 million. That means either that the crews of the ships will be six times less than they were during the war, or that there will be a considerable reduction of pay, that they will receive only one-sixth of what they had during the war—which would be an absurdity. I address my remarks through the Chair to the hon. member for Lake Centre, to my hon. friend from Skeena, whom I like and everybody likes very much; to the hon. member for Winnipeg North Centre, to my genial friend the hon. member for Trinity, and all those who fight against bureaucracy; to the hon. member for Nanaimo, and to the hon. member for Vancouver-Burrard, whom we have hailed to-day.

Mr. KNOWLES: Is this a new party you are building up?

Mr. POULIOT: I might make a suggestion on those lines. But no; I make a special

appeal to all those in this chamber who complain about bureaucracy, that now the time has come to curb bureaucracy. I admire the sailors. I tried to have some accepted in the department, but always there are very high obstacles to cross before a French Canadian is admitted, and not in the department but on a ship, to get his training. All sorts of qualifications are required. It seems to me that the high officials of the department—I except the minister and the deputy minister, for whom I have great respect—do not want a single French Canadian to get on board the ships. That is my idea of it. We receive silly replies from these brass hats; they procrastinate.

Here is my case. Let us look together at page 275, "Naval Services." Last year the amount for pay and allowances was $98 million. This year it was reduced to $16 million, less than one-sixth, which means that there are fewer men on the ships. That is my first point. Yet, incredible though it seems, Mr. Chairman, the salaries of the brass hats are twice what the amount was last year. I expected the minister to announce some kind of reform, the curtailment of useless branches and sub-branches of the department, and what do we find? Civil salaries and wages have increased from $7,000,000 last year, when apparently the crews were six times as large, to $13,000,000, or nearly twice as much. How can anyone who will not denounce it, who will not oppose it, say a word against bureaucracy afterwards? Opinions are free, surely. But this is an encroachment, an enlargement of bureaucracy, and I denounce it bitterly because those who are in charge of the department down there, except the minister and his assistant, are procrastinating asses, and it is impossible to make them move. They are stupid, and it was in spite of them that the men in charge of the fleet made a success of the Canadian navy after Admiral Nelles had left. When Admiral Nelles was there he was a real man.

Here we are, listening to academic speeches about the work the navy has done. It is all right; I agree with that. I agree with all the praise given the navy—but the navy on ships, not the navy on H.M.C.S. Ottawa.

An hon. MEMBER: Bytown.

Mr. POULIOT: Yes, H.M.C.S. Bytown. This morning we honoured one of our colleagues, a hero of Dieppe, and I am glad also to give all praise to-day to the hon. member for Gaspe (Mr. Langlois), who did supremely well in the navy. If very few have heard about it, it is because of that hon. gentleman's exceptional modesty, but he served his country very well and he knows his business. Besides that, he made personal sacrifices when he joined the navy to do what he accomplished on the high seas for the protection of the homeland during the war. History will tell, and I regret very much that history in this regard has not yet been written. The new members do not know it, but those who were here during the war remember very well how procrastinating the minister of naval services was at that time. His idea was that the first duty of the navy was to act as convoys, and that nothing had to be done for the protection of the homeland until the German U-boat came into the St. Lawrence river within a short distance of the city of Quebec. We had to urge him to protect our shores, and after repeated representations to him and repeated requests to the Prime Minister and other members of the cabinet, we succeeded in getting some kind of protection for this country. But the country did not exist in the then minister's mind. All he thought of was to provide convoys. Hon. members will admit that I do not exaggerate when I say that. I was shocked when I heard him say so, but now he has gone. He was expressing the idea of some brass hats, but I hope the opinion of the brass hats of the department of naval services will not prevail and that the minister will give them the good common sense reproach which they deserve.

What is the distinction one can make between a brass hat who had no military service, or someone sent here from England to direct the Canadian navy, and our own Canadians who can do just as well as brass hats who never had any service on the high seas? We have gallant men of our own, like the member for Gaspe, who is most unobtrusive and modest, and he has nothing to say about the policy of that department. I am anxious to see who will rise and protest against the bureaucratic requests for twice as much for civil service salaries as was paid last year. It is a scandal and I denounce it bitterly, It it twice as much, as will be seen at page 275. It is nonsensical to table civil salaries of this size, after the war, when the sailors receive six times less than last year.

Mr. JAQUES: For full employment.

Mr. POULIOT: I thank the hon. gentleman for his support. I wonder who will be number two to support me in the fight against bureaucracy. Will other hon. members remain silent and consent to it and afterwards go out and say that bureaucracy must be curbed? I am against the encroachments of bureaucracy, and I wonder what support I shall receive. I have the support of one hon.

gentleman from the west, and I thank him. I do not always agree with him, but everyone will admit that he has the courage of his convictions. Now I appeal to all hon. members, not only Liberals but all those who have a sense of democracy in their minds and hearts, to protest against it and join me in suggesting that the vote be reduced to an amount $1 less than it was last year. That at least would mark some progress. Instead of doubling the amount paid to the bureaucrats of the department of naval services, let us reduce it to $1 less than the amount paid last year. That would mean a reduction from $13,043,806 to $7,038,333—instead of 334. It would represent progress to that extent. It would be slight progress, but it would give us some reason for hope for the future. But if members swallow it as it stands they will have indigestion. They cannot swallow such increases without protest. What is the reason? How many sailors will gain an advantage? Here we are facing an absurd and ignominious bureaucratic enlargement, and I leave it to the members of the committee to decide what will be done. I wonder if the hon. member and I will be the only two to protest against it.

Mr. ABBOTT: Before we go any further, perhaps I should reply to some specific points raised by hon. members. If not I am apt to lose track of them. The hon. member for Yale raised a number of points relating to the present strength of the navy regarding the number of ships on commission, and it might be well for me to dispose of that first. As at July 31 the actual strength of the navy was 8,216, made up as follows: Permanent force, 6,005; interim force personnel, that is those enlisted for the period up to September 30, 1947, 1,137; hostilities only, approximately 1,000; nurses 74. That makes the total I have mentioned. Since the first of the year recruiting has amounted in all to 2,631, made up of 1,430 new entries, 429 transferred to hostilities only personnel, reentries of 380, and enrolments of 392 from September, 1945, to January, 1946.

In terms of ships, as I have indicated during the past year, it is contemplated that when recruiting has been fully completed our strength will be two light fleet aircraft carriers, two six-inch gun cruisers, twelve destroyers, eighteen frigates and twelve escort minesweepers. At present there are in commission one aircraft carrier—the second, as the committee knows, is still under course of construction in the United Kingdom—one cruiser, two destroyers, one frigate and three algerines, that is aside from ancillary craft. When recruiting has been completed the strength will be as I have indicated, with a certain proportion of the fleet always in reserve.

The hon. gentleman asked me to give some indication as to what the future policy will be. That I can give only in general terms. As I have said on a number of occasions, our plan is to have a relatively small but modern navy of ships of the most modern type capable of operating in close cooperation if need be with either the British navy or the navy of the United States.

As to whether our equipment will be of the type used in the British or United States navy, I can only say what the condition is at present. As the committee knows, our ships have been constructed largely in the United Kingdom, with the exception of the destroyers which are being constructed at Halifax, but they are British type destroyers. At the present time the equipment is British type. There is no indication that that will be changed in the near future, but that does not mean that the navy cannot operate in the closest possible cooperation and collaboration with United States navy. The policy will continue to be as it has been in the past, to endeavour to assure that the closest possible relations exist between our navy and that of the United Kingdom and our great ally to the south.

As to the matter of civil salaries and wages, referred to by the hon. member for Temiscouata, the position is that while there is an apparent increase from last year, from $7 million odd to $13 million odd, there is a very good explanation for that apparent increase, and I emphasize the word "apparent". It is not an actual increase in expenditure; it is simply a regrouping of figures which were shown under different headings in previous years. In previous years the practice was to show under the first item, that is, "civil salaries and wages", only the civil service position; in other words, positions coming under the Civil Service Act. The item of $7 million odd for last year included only the cost of those positions. I may say the estimated cost for the same item this year is $4,421,005, which is the figure which should really be compared with the figure of $7 million odd of last year. Added to that figure of $4 million odd for civil service positions is another figure of $8,622,801, which includes all other salaries and wages with the exception of wages of people engaged in ship repairs, to which I shall refer in a moment. The two amounts of $4,421,005 and $8,622,801 make up the total of $13,043,806 shown in the estimates. These miscellaneous salaries and wages of $8 million odd to which I have been referring, or equivalent items, have been included in every

year's estimates, but they were dispersed under a number of other headings, such as the fourth item in these estimates, operating expenses of properties, which included the salaries and wages of labour engaged in maintenance work; also the twelfth item, "miscellaneous stores and services" previously included the wages paid for all storekeeping labour, magazine workers, civil watchmen, truck drivers, boom defence workers, civil maids, waitresses, laundry workers, and the like. It was felt that the previous practice of segregating only civil service positions under the first heading was somewhat misleading to the committee, judging from the questions which have been asked on previous occasions. I repeat that the first item for this year includes all civil salaries and wages paid for naval work, with the exception of the amount estimated to be spent on wages to ship repair workers.

It is evident, I think, that in the transfer from war to peace we shall now carry on under civil labour a number of matters which in war time it was necessary to carry out with uniformed personnel. A great many jobs which in peace time should be civilian jobs had to be carried out in war time by men who were put in uniform not only to ensure that the necessary discipline could be applied, but also to ensure that these men could be moved from place to place. That is now no longer necessary, and it will be found that a good many men who during the war were uniformed personnel have now become civilians.

When we speak of the navy employing some 10,000 civilians, which was the figure roughly as of March 31, 1946, to look after 8,000 personnel in uniform, and that was the figure as at the end of June, it has to be remembered that a very large number of these civilians are engaged in the work of repairing and servicing naval ships and naval armament which do not come within the category of progress to which the hon. member for Temiscouata has referred. In a moment I shall give a breakdown showing how this portion of civilian jobs is made up. The navy dock yards at Halifax and Esquimalt constitute what are really two very large industrial plants, and they involve the investment of a great many millions of dollars. They provide practically all the mechanical facilities, except the dry dock, which are required to repair, refit and maintain not only the warships, but ships in time of peace. The employees of these establishments are not civil servants in the strict sense of the word, but they are civilians in the employ of the government, and that side of the navy is therefore a large industrial plant. As of the 31st of March, the number of hourly paid tradesmen engaged on ship repairs was almost 3,000. It should be remembered that the navy has not only to operate—

Mr. ISNOR: Is that for both dock yards, east and west?

Mr. ABBOTT: Yes.

Mr. ISNOR: Will the minister subdivide it?

Mr. ABBOTT: I shall do that in a moment—I do not know if I have it—if my hon. friend will allow me to complete this general statement on civil labour and civil salaries and wages.

It has to be remembered that the navy has not only to operate, maintain and service its ships and train its men, but it has to look after this industrial plant to which I have referred, to maintain its buildings and shore establishments. Perhaps I might give a breakdown of the civilians employed in the navy as at June 30, 1946. Civilians, that is tradesmen, engaged in the repair of ships and armament, 2,188; civilians engaged in the repair and maintenance of dockyards and depots, 644; civilians engaged in the naval magazines, 626; civilians engaged in stores depots, 1,579; civilians employed as guards, 492; civilians employed as firefighters, 199; civilians employed as crews in harbour craft and auxiliary vessels, 439; civilians engaged at the reserve divisions throughout Canada, 123; headquarters civil staff, that is here in Ottawa, 1,197.

Mr. POULIOT: What was that number last year?

Mr. ABBOTT: The highest number was 1,702, as at July 31, 1945. I think the figure for last year would be in that neighbourhood, and to-day it is 1,197, down about 600.

Mr. POULIOT: Have any establishments in Ottawa been dispensed with since last year?

Mr. ABBOTT: Perhaps I had better be clear as to just what my hon. friend means by "establishments".

Mr. POULIOT: I mean office branches.

Mr. ABBOTT: Perhaps I might just complete this enumeration of numbers and then answer my hon. friend's question, and after that the question asked by the senior member for Halifax. Other clerical workers numbered 791; other hourly paid civilians engaged at small depots, boom defence works and so on, as cooks, timekeepers and so on, 994; and civilians at Newfoundland, 129, making the total of 9,401 as at June 30. In the three months intervening between March 31 and

June 30, civilian personnel strength was reduced by approximately 1,000, representing approximately a four per cent reduction per month.

Two questions were asked, the first by the senior member for Halifax, as to the division of these men between the two coasts. I shall see if I have that information here; if not I may have to give it a little later. Perhaps this will give a pretty fair idea. On June 30 the number of hourly rate employees at Halifax was 3,313 and at Esquimalt, 1,690. These include hourly rate people engaged in ship repairs. Then the hon. member for Temiscouata asked if any establishments had been discontinued. I do not know that it is possible to say to my hon. friend that any separate department at naval service headquarters has been discontinued, but there has been a steady and fairly rapid shrinkage in the total staff, and that is still continuing. Some of the purely wartime activities have been discontinued, but the broad framework of the organization is that which is needed in peace time as in war time: the intelligence branch, the operations branch, the armament branch and so on. I am just picking those names out of the air; actually I do not know that there are branches bearing these names, but branches or directorates of that kind would be needed at any headquarters, army, navy or air force.

Mr. POULIOT: But what wartime establishments have been discontinued, please, if any?

Mr. ABBOTT: I shall look into that question and give the answer a little later.

Mr. PEARKES: Last year the service estimates were presented to this house in an extraordinary piecemeal manner. We started off with one service, then switched to another, then came back to the first one, then switched to the second. Hon. members on this side of the house urged that the minister give an over-all picture of our defence requirements and explain the relationship of the three services, one with the other. I should like to emphasize the fact that though there are three services and the personnel of those services wear different uniforms, they must be inspired by a common doctrine; and I do feel that this house, before giving consideration to the estimates of the separate services, should have the assurance that these estimates have been prepared in cooperation and not, as in days gone by, behind closed doors with one service competing against the other for the meagre funds which could be made available. Can we have the assurance that the estimates for the three services have been coordinated?

Then I should like to ask the minister to give some further information as to the fleet air arm in Canada, or whatever it is to be called. I should like to know what aircraft the personnel of the Royal Canadian Navy are to be equipped with, whether they are to be equipped with aircraft by naval service or by the R.C.A.F., because I see no item in the details here as to types of aircraft or as to funds being made available under the naval estimates for aicraft.

Then there is just one other matter I want to refer to, a matter raised by the hon. member for Temiscouata. I regret that the minister did not see fit to relieve a degree of anxiety which may be caused in the country by the remarks made by the hon. member, who intimated that the policy of the Royal Canadian Navy was being directed by a class of official to whom he referred as brass hats who had seen little or no service afloat. If that is a fact it is a most serious charge against the administration of the department of naval affairs, and I regret that the minister did not see fit, when replying to the hon. member for Temiscouata, to reply to that charge. I hope he will now relieve the country of any anxiety which may be brought about by that statement.

Mr. ABBOTT: Perhaps I had better do that at once. This, I think, just emphasizes the desirability of allowing me to answer various members one at a time. The hon. member for Yale spoke; then the hon. member for Temiscouata. It is very difficult for me to retain in my mind the points raised by four or five different members in sequence, and reply to them all. I want to try to do it. That is the only point I wish to make. And I have heard the hon. member for Temiscouata so often talking about brass hats.

Mr. PEARKES: It is high time someone in this house pointed out that the permanent officials in the various service departments who have risen to the top of their profession have done so by hard work. The majority of them have risen from quite humble beginnings. I think I may be charged as having been a brass hat at one time, and I should have liked someone else to get up to speak on behalf of these senior officers. It is unbecoming for ministers of the crown to sit by and let these charges be made without any attempt to stand behind the senior permanent officials.

Mr. ABBOTT: I thank my hon. friend for the little lecture with respect to brass hats. I have been in the house four or five years, and in my experience I have had occasion to speak in their defence. If I remember

correctly, the hon. member made reference to brass hats at naval defence headquarters, and I intended—and I still intend—to take issue with him on that point. However, as I say, I thank my hon. friend for the little lecture he has read me.

As the hon. member for Temiscouata has made his annual attack upon brass hats in the navy, and I feel sure he will do so with respect to the army—

Mr. POULIOT: Yes.

Mr. ABBOTT: —I suppose it is necessary for the minister to get up each year and answer these charges, seriatim, and I shall be glad to do that. So far as his remarks are concerned about the navy being directed by men who have had no sea service, that of course is all nonsense. The present head of the naval service is a distinguished sailor who has had a distinguished record, and a record which I do not think requires any elaborate defence before the House of Commons. This is a hardy perennial every year, when one has to speak about high ranking army, navy and air force officers, and I do not think the hon. member for Nanaimo would expect me to rush to their defence. I will say that we have a very efficient staff, in all three services, and they are men, so far as I can speak for the two departments with which I am concerned, in whom we have the utmost confidence.

I do not know whether any other point was raised, but perhaps I should refer to the future of the fleet air arm. Before doing so let me say that on previous occasions, both in the house and in public statements, I have announced the projected strength in the army and navy, and, broadly speaking, the general composition of the air force. That is not news, and it does not need to be stated again. The house knows it; the country knows it, and there is no change in that policy.

I do not know just how complete have been the details I have given with respect to the fleet air arm, and perhaps it might be appropriate to make a statement on it now. The present plan is for four first-line squadrons of aircraft, plus a fleet requirement unit squadron, and for shore facilities to be shared with the R.C.A.F. The naval air component is to consist of two light fleet carriers, as has been announced, one of which has already been acquired and manned, and is on her way to Montreal on a good-will tour.

In establishing the naval air arm, every effort has been made to avoid duplication of facilities which are already available in the Royal Canadian Air Force. An agreement has been reached between the navy and the air force based on this essential premise, and naval squadrons have already been operating for some six weeks from the air force station at Dartmouth. Under this agreement the navy operate all aircraft normally operating over the sea which are carried seaward in His Majesty's Canadian ships. In addition they will operate a fleet requirement unit made up of shore-based non-operational aircraft of various types to meet fleet training requirements which could not economically be carried out by the air force. The air force operate all aircraft normally operating over the land and the sea which are normally based permanently on shore with the exception of the fleet requirement unit just mentioned. Further to this, the air force, through their existing organizations, have undertaken the procurement of aircraft and stores for the navy, and also are handling major repairs.

The naval air arm complement has been laid down and approved in principle by the cabinet at about eleven per cent of the total man-power of the navy, but it has been emphasized that the percentage of air strength may in the future have to be raised to perhaps twenty-five or thirty per cent of the over-all naval complement. At the present time we have one light fleet cruiser in full commission, H.M.C.S. *Warrior,* but a small percentage of the air complement of this ship are Royal Navy ratings, shortly to be replaced by Canadians.

The fleet requirements unit just mentioned is in the process of forming at Dartmouth. This unit, in common with some air force units, is suffering from lack of air mechanics. Two additional first-line squadrons will be formed early next year—we hope about the time the second carrier is in commission.

In general it may be said that the air personnel situation is shaping satisfactorily. There has been no difficulty in obtaining volunteers for air crew. A number of naval pilots already flying are ex-R.C.A.F. men. The development of the air arm component is progressing satisfactorily, and it is intended to continue the closest cooperation with the R.C.A.F. as regards joint facilities and training.

In addition it is intended to make a close study of army support, and arrangements are already in hand for army liaison units to be placed in our ships. This of course is in line with what the hon. member for Nanaimo was saying a few minutes ago. The object at present of the air component is to study and equip themselves for any role which they may be called upon to play, including anti-sub-

marine warfare, air cover, convoy protection, ground support of the army, striking and interception forces, and the like.

With regard to the future of air personnel, it is the intention that officers who enter this arm shall be also trained as naval officers. They will occupy executive positions in Canadian ships in the intervals of their tours of flying duty so their opportunities to attain high executive command in the navy will be the same as those of an officer in any other branch. That, I think, is of great importance, because the normal combat flying time of an officer is limited; and I think it is therefore important that the men coming into the navy as naval flyers should have a full naval career open to them, and that they should be not only flying officers as such but should also be fully trained to take command of naval vessels in the same way as any other naval officers would do.

Mr. STIRLING: What is the size of a naval air squadron?

Mr. ABBOTT: I shall have that information at three o'clock.

Mr. PEARKES: What types of aircraft are being flown?

Mr. ABBOTT: Seafires and Fireflies, and there is a possibility we may get some other types of aircraft for training. That is now under discussion. They are the latest type of British aircraft.

Mr. PROBE: Under what item will it be possible to discuss the general post-war policy? I share somewhat the confusion experienced by the hon. member for Nanaimo.

Mr. ABBOTT: I said in my opening remarks—perhaps I did not make it clear—that our practice in the past has been to discuss general policy under this heading of salaries and wages. It is hoped that next year we may go back to a full civilian basis, but in the past we have had our general discussions under that item. I should be glad if the hon. member would follow that practice here. After finishing the item we will stick more or less closely to the particular item under consideration.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. POULIOT: Mr. Chairman, I have just a few remarks to make at the present time, and they are personal. The minister spoke before luncheon of my annual attack on the brass hats. I will tell him that it is not annual, it is not monthly, it is not weekly, it is not daily; it is a constant denunciation of an absurd regime in which the irresponsible have control over the destinies of the nation. I will tell him, and he must take my word for it, that I am not any more impressed by jocular remarks than by insults of the kind I got the other day when I was called a nuisance, an attack which did not go any higher than the sole of my boot. The task I am performing now I hope will not be a task that I shall perform alone. I am most grateful to the hon. member who gave his support to the cause we are fighting for, and I hope we shall not be alone in trying to curb bureaucracy in the war departments as well as anywhere else. Some progress may be made; maybe not, but I will ask as a special favour from the other members who do not give their support to that cause, which is the cause of the people at large and of the taxpayers, at least not to denounce bureaucracy if they are ready to swallow it entirely. Let them keep their eloquence to themselves or act in accordance with their words.

I will tell the minister that confusion has been caused in the minds of the people by the mixing of the various employees in the department who are described as civilians precisely to prevent the Canadian people from seeing that there is no effective reduction taking place in the Ottawa staff of the naval service, any more than there is any important reduction of staff in the other war departments. Either the war is over or it is not. If the war is over, there are many, many men who have earned fat salaries and bonuses for themselves and their dependents during the war without risking their lives, not even their little finger, who must be told that the war is over. That news must be announced to them. The war is over and your usefulness has ceased. I wonder if the minister speaks to them with the genial smile that is his characteristic when he pilots his estimates through.

Mr. ABBOTT: Not always.

Mr. POULIOT: He should learn to frown.

Mr. ABBOTT: He does.

Mr. POULIOT: And he should practice reform in his department. The country expects it. If there are departments where reforms should start right away, it is precisely the war departments.

I have a word to say to the hon. member for Nanaimo, and it is this. I ask him for a loaf and he gives me a stone. I have already praised him. I have the highest personal regard for him, but I hope that he will realize that just because he was once a brass hat, and probably a good one, he should not feel that he must protect and take under his wing

all the bad ones. For there are bad ones, and by bad ones I mean men who are getting fat stipends from the state and are doing nothing, sitting on swivel chairs here in Ottawa and being considered more important than a Canadian citizen who runs the risk of election and is here to do his duty and protect the rights of the taxpayers of this country. This cause is very important. It is the cause of reform, the same cause for which our forefathers fought a hundred years ago. There on the other side of the house I see a friend of mine who not long ago showed me a testimonial dating back nearly a century ago. His parents were in politics at the time. They were fighting precisely against bureaucracy, and they won their fight, and it is just as sure that we will win, even if it takes time, our fight for freedom, liberty and responsible government. I may be called wrong precisely because I take this matter seriously. If I do so, I do so as a Canadian citizen.

I realize the losses the navy has made. To-day we have paid homage to the heroes who landed at one of the most dangerous places on the European continent at that time. They were supported by the navy, and the navy has suffered losses. But I remember very well that when Great Britain offered us ships because of what Canada had done during the war, Canada was unwilling to accept that gift. The government said that we should not accept those ships, that we must pay for them. We would not even accept gifts from Great Britain. What an idea!

The other day I was dumbfounded by the statement made in Paris that Canada expected nothing from the meeting of the united nations. I protest against that. It is not within the power of any nation to compensate us for the losses of life that we sustained, but there can be compensation for our losses in ships and other material. I believe that we must get something. If we do not get any material advantage from the united nations at least we should put our own house in order before teaching others to do so.

Mr. MERRITT: The minister said that there were 6,005 of the permanent force enrolled in the navy at the present time. I have here a press clipping dated April 15 last, which shows that at that time there were 5,200 in the regular navy. That means a change in four months of only 800, or at the rate of 200 a month. At that rate it would take two years to recruit 10,000 of all ranks. I should like to ask the minister what the recruiting plan is, and whether there is a campaign on foot, and if so, whether it is going to be stepped up. Just what practical steps are being taken to get men? Is the minister satisfied with the present rate of intake? If not, does he propose to take any more energetic steps to get recruits? At the same time would he tell us something about the recruiting of the reserve navy? This same press clipping says that the reserve establishments are to be recruited up to sixty-five per cent only. Will the minister explain how that sixty-five per cent is arrived at, and whether it is contemplated that later on it may be 100 per cent? Perhaps he would give a general statement of how the reserves establishment is getting along.

Mr. ABBOTT: The figures I gave before lunch for the permanent navy as at July 31 were 6,005. Recruiting there has been proceeding at a satisfactory rate. The difficulty in the navy is the same, I know, as in the army and, I assume, in the air force; it is to get specialists, mechanics, engineroom ratings, and so on. But recruiting is proceeding satisfactorily and if as we complete the changeover from war to peace and more ships are put into commission more active steps are required to obtain recruits, those steps will be taken. My officers tell me that they are satisfied with the rate at which recruiting has been proceeding. They are being fairly selective in their choice of men. A lot of recruiting is being done through the divisions. That was the plan—that the divisions would be used as recruiting agencies. A certain amount of publicity material in the way of explanatory booklets, and, I think, posters, was prepared for use by the divisions, but there has not been what one might call an intensive recruiting campaign. It was felt that the time was not yet ripe for that. As I say, the recruiting is proceeding satisfactorily.

As to the reserve divisions, here again we are to some extent still in the reorganization phase. As the committee will appreciate, in some districts where we have good reserve divisions the quarters which are available are temporary, that is to say they are rented, as they are clubs or something of the sort which have been taken over. One very real problem we have to face at the moment is the provision of suitable permanent quarters. It is a problem which, I may say, is also faced by the army in connection with armouries. Under existing conditions it is neither practicable nor desirable to proceed with any building campaign. So in some sections where we have keen reserve divisions we have a very real space problem. There is also the problem of changing over from a wartime to a peacetime command arrangement, getting suitable men who will take on the command of the divisions in peacetime. That, I understand,

too, is coming along nicely. There is the usual difficulty that in some cases men who spent several years on active service away from their homes are reluctant for the time being to take on the responsibility of directing a local unit. But we feel sure that a good many of them, after they have had a brief change and rest, will be only too glad to lend a hand there, and I think it is desirable, as in the case of the army, to try to have as many reserve officers as possible who have had operational experience to take charge for a time of local reserve units.

As to the active list of the reserve part of the navy, the progress since recruiting started on April 15, which is when we renewed our recruiting campaign, has not been as promising as we should have liked. The strength as of July 31 was only 1,080. But as I say, with the divisions settling down from their job of demobilization, and with reserve training becoming active during the summer months, better results are anticipated, and I understand that several hundred applications are now on hand. The actual new entries are 254 officers and 208 men as at July 31; and the retired list as at August 1, 1946 on the reserve side is approximately 3,200 officers, in the Royal Canadian Navy permanent force, 123, and the Wrens, 231.

Mr. STIRLING: Does that apply to the reserve which the minister gave last year, 18,000?

Mr. ABBOTT: That is our objective. At the present time we have only 1,080, or maybe somewhat higher, of that projected strength.

Mr. ARCHIBALD: How does the navy intend to dispose of the naval buildings in Prince Rupert? A rumour is going around that they are to be torn down, and the people are much concerned, because there are many semi-permanent or permanent buildings which would be useful for housing, or for factories, and so forth. Another question which has been bothering the city of Prince Rupert for some time, about which I have had correspondence with the minister, is this. When is Brigadier Walsh's report on the damage to the streets of Prince Rupert to be put in the hands of the city council? I think the question was last asked in May, and we were then told that it would come out some time in the future. Well, the future is going on and on.

Mr. ABBOTT: As to the first question, it is always difficult to arrange these discussions in strict order, but I think my hon. friend's question would more properly come under one of the later items.

Mr. ARCHIBALD: Well, will the minister hold it?

Mr. ABBOTT: I will take a note of his question. I may say that two of the buildings to which he refers are to be used for the naval division in Prince Rupert. Perhaps I had better deal with the question when the proper item comes up.

Mr. BROOKS: What is the attitude of the department towards men who at the beginning of the war joined the service for say seven years, have now served five and a half or six years, and are anxious to leave to go to universities and become rehabilitated? I know that there are a number of applications for release from the navy, and the attitude seems to be to retain them in the navy against their wish.

Mr. ABBOTT: I am familiar with some of these cases; they have come to my attention, of course. The period of enlistment was seven years, and they signed on as permanent force sailors for that period. They are highly trained, we need those men in the service, and the general rule is that unless there are strong compassionate grounds which would permit of the man being released from his contract, he should stay in the navy for the term of his enlistment. Unfortunately it is that very type of highly trained sailor that we need in this transition period when we are turning over from war to peace, because our permanent force navy was pretty small and we are having to recruit it up to a strength far greater than we had before, so we need these men. But my direct answer to my hon. friend's question is that each case is considered on its merits, and if there are strong compassionate grounds upon which it is felt that a man should be relieved of his contract, the application is granted.

Mr. BROOKS: It was not of compassionate grounds that I was speaking; it was in connection with going to university. That has not been considered by the government a compassionate ground?

Mr. ABBOTT: That is not considered as a ground, no.

Mr. SKEY: The minister spoke of the navy being an active force of about 10,000 and a reserve force of about 18,000. Will he tell the committee on what basis the decision as to this strength was made?

Mr. ABBOTT: These figures were selected after the decision had been taken as to the size of our post-war navy in terms of ships, and the officers were asked to prepare a man-power programme for manning those ships, assuming

that so many were to be kept in commission at a given time, so many in reserve, so many for training, so many for shore establishments, and so on. The proposed establishments after being put forward were reviewed by the defence committee of the cabinet and ultimately approved by the cabinet. That is the basis on which that figure was selected. The same thing, I may say, applied to the other two services.

Mr. SKEY: That is the reason I ask the question. If we are to build any military force in peace time it must be based on a survey of Canada's man-power. I do not think it should be based altogether on the number of ships we intend to man. We have twelve million people in this country. Every military force is supported by the industrial effort and the population behind it. Therefore if we want to build a good peacetime force, whether army, navy or air force, we must have in mind all the time the man-power potential in Canada, and we should so design the force that it shall be capable of expansion to the limits that the man-power in the country will permit. That is a factor to be considered as well as simply the ships they are to man. We must have in mind also the expansion and extension of the force to an economic unit. In the United States they found they had less than ten per cent of trained men in the American navy when they went into the war, and they found that was spreading the trained personnel far too thin. If the navy were again to expand to the 100,000 mark, perhaps an active force of ten per cent of its potential expansion, and a reserve force of 18 per cent of that potential, would be sufficient to man it properly and have a trained personnel to handle the ships and the administration of such a force. Can the minister tell me whether there is any department at naval headquarters under which combined planning takes place—combined operational planning with both the army and the air force?

Mr. ABBOTT: That would come under the chief of naval staff. The coordinating group, as my hon. friend knows, is the chief of staffs committee, which consists of the chiefs of staff of the three services, with their advisers, and which meets regularly.

Mr. SKEY: If I might be so bold as to advise again, I suggest that this is the wrong level on which to start planning. It should begin right down in the roots of the service. In my small war service I was on coastal operations, and it took over two years, perhaps three years, in England before the air force properly combined with the navy in an attack which eventually negatived the German submarine. Planning has to begin certainly at a lower level than the chiefs of staff if policies and training are to be coordinated and carried out with understanding by the junior ranks. May I ask the minister what proportion of the naval department personnel is now engaged in caretaker functions for War Assets Corporation?

Mr. ABBOTT: I can give that information a little later.

Mr. SKEY: Do the naval service plan to use jet aircraft on their carriers?

Mr. ABBOTT: I think the same principle will be followed there as in the air force. Aircraft carriers will be equipped with the latest type of aircraft suitable for that particular vessel. That is the case at the present time. We have the latest type of aircraft flying for these carriers, a type which is manufactured in England. One cannot prophesy in these things. All one can say is that we will endeavour to have the latest and most up to date equipment. The trend seems to be towards jet aircraft on land, and no doubt in sea operations, and if that type is used in sea operations Canada will use them.

Mr. SKEY: Does the naval department plan to continue Royal Roads as a cadet naval training establishment?

Mr. ABBOTT: Yes.

Mr. SKEY: Is the history of the development of the Canadian navy being written?

Mr. ABBOTT: Yes.

Mr. SKEY: Does the naval department expect that Canada will ever develop industrial capacity to back our operational naval force without having to purchase machines, ships, equipment, scientific apparatus and technical supplies abroad?

Mr. ABBOTT: I have never claimed the gift of prophecy. Canada has made very rapid industrial development over the past few years, and I feel that that development will continue. As far as being able to give an assurance to my hon. friend or anyone else is concerned, that we shall be in a position fully to back our navy without getting any type of equipment or material from elsewhere, I would hesitate to make that assertion now.

Mr. SKEY: Can the minister give the committee an assurance that Canadian industrial firms are given an opportunity to tender on naval contracts for equipment?

Mr. ABBOTT: There is no question about that. Canadian industrial firms are furnishing large quantities of equipment for destroyers which are being built in Halifax, as my hon. friend knows.

Mr. HARKNESS: Of the establishment of 10,000 in the permanent navy, how many are officers and how many are ratings? Also, of the 6,005 we have at the present time, how many are officers and how many ratings, particularly ratings below the rank of petty officer.

Mr. ABBOTT: I gave some of that information this morning.

Mr. HARKNESS: But there was no breakdown below the total figure.

Mr. ABBOTT: Perhaps that question had better stand and I can give the information later. Do I understand the hon. member wishes to have a breakdown as between officers and men in the authorized establishment of 10,000 and a breakdown of the present total figure of 8,000 in the navy, as between officers and men?

Mr. HARKNESS: The actual breakdown of the 6,005 in the permanent navy and interim. The others do not enter into it.

Mr. ABBOTT: I can give the breakdown of strength as at May 31, 1946, of those actually serving, and I will get the other information later. Officers: 775 permanent force; interim force, 293; hostilities only 557; Wren officers, 43; nursing sisters, 67. That gives a total of 1,735. These will have been reduced since that day. I have not the latest figures. Other ranks: permanent force, 5,028; interim force, 1,172; hostilities only, 1,194; Wrens, 407; nursing sisters, nil, or a total of 7,801. The totals are: 5,803 permanent force; interim force, 1,465; hostilities only 1,751; Wrens 450; nursing sisters 67, a total of 9,536, which has since been reduced. I will get the others and put them on later.

Mr. McIVOR: I should like to tell a brief story of the efficiency of somebody in the department of naval services. Last session the minister said that if any boy was necessary to farm work he would be relieved at once or as soon as possible. Some days after that I interviewed officials of his department telling the story of a farmer who needed his boy at home. Less than three days after the interview the boy was brought back home from the occupational forces in Germany and landed on the shores of Canada. Not all the work done by the Department of National Defence is blundering. To me that was efficient service, and it helped a farmer who otherwise would not have been able to put in his crop.

Mr. MUTCH: I should like to address a question to the Minister of National Defence for Naval Services. The question might appropriately be asked also on the estimates of the Department of National Defence, Army. It has to do with the matter of demobilization. Unfortunately I have not before me the naval order which is involved. I am assured that a similar situation exists in the army. The question has to do with army routine order 2232 and appendix and some amending P.C.'s—the numbers of which I can give the minister if he requires them—and with members of the various services who were discharged from one branch of the service in order to serve in another. To my knowledge the interpretation which is being put on this routine order as amended by these seven various P.C.'s is that personnel serving in one branch of the service, in the army itself, the air force or the navy, on being discharged for the purpose of being commissioned or appointed to another, would not, according to the terms of the routine order, be given a discharge button for the service which they performed in the original branch to which they were attached. My information is that those in authority in both the army and the navy branches, which are under the minister, are interpreting the routine order to apply to those who were discharged in order to enlist in another branch of the service. But it has happened that some members who served creditably in the army or navy, and some for a considerable period of time, were selected for service in another arm for which they volunteered and for which they were adjudged fit, but for one reason or another they did not succeed in serving meritoriously in the branch of the service to which they went. A considerable number of these persons are now in the position of having meritorious service in the army or navy and have been discharged as a result of misconduct or their service no longer required in the navy, and they are unable to obtain anything to show that they did have a period of meritorious service. Is the minister aware of this condition, and will he look into it in both branches of the service in order that the situation may be rectified? May I point out that it has already been accepted in principle by the board which reviews the service of persons who were dishonourably discharged in order to see whether or not the benefits which Canada has awarded to those who served with merit should go to these other men. The practice is now that if a man has meritorious service in one branch of the service and is discharged and reenlisted or reappointed to another branch of the service from which he is dishonourably discharged and thereby deprived of these benefits, he does in fact receive them for that period of meritorious service which he had in the former branch. That being so I should like to draw the attention of the minister to the fact that this consideration is being denied at

the present time to the men to whom I refer. I speak positively with respect to the army, and I am informed on reliable authority that the same applies to the navy. I should like to have the assurance of the minister that provision will be made for bringing the matter of service buttons on the same level as the benefits which are available for the period of meritorious service.

Mr. ABBOTT: I shall look into the whole question which has been raised by my hon. friend and make a statement a little later. I was not aware that action was being taken in the way he has indicated, but I shall give a statement in the course of these estimates or on the army estimates.

Mr. HARKNESS: This morning a certain amount of discussion took place on the number of civilian employees in the naval branch of the department. I have two or three questions that I should like the minister to answer if he can. Are some of these people employed because the permanent navy is not up to full strength? If so, what numbers of these civilian employees are actually covering off jobs which would be carried on by the regular navy if it were up to strength?

Mr. ABBOTT: I can answer that very quickly. None of them are being employed to fill jobs which would be filled by the navy if it were up to strength.

Mr. HARKNESS: If none of them are used for that purpose, are many of them used in demobilization activities which will presumably come to an end this year? What likelihood is there of a reduction in the number of civilian employees?

Mr. ABBOTT: Quite a number have been used in connection with various demobilization activities, which, as my hon. friend points out, are being reduced all the time and which should be largely at an end by the end of this year. As he will appreciate, there is quite a good deal of work to be done in storing, classifying equipment, and that sort of thing, and after it has been done and the equipment has been turned over to War Assets we sometimes have to guard it for a time. It should be possible to effect a further considerable reduction in the number of employees. As I pointed out this morning, quite a few are employed in permanent activities in the dock yards and in the east and west coast naval magazines, the principal ones being at Renous, New Brunswick, and Kamloops, in British Columbia, and in things of that kind.

Mr. HARKNESS: Will the minister tell us what the reduction is likely to be, approximately, when demobilization activities come to an end? I was thinking particularly of one item which showed that 1,197 of these civilian employees are at naval headquarters. Probably it would be possible to get rid of a considerable number of these.

Mr. POULIOT: Hear, hear. I thank the hon. member for Calgary East. We are three now; we are making progress. I appreciate what he has done, and I thank him on behalf of those who would have less to pay in taxes if we had not such an abnormal number of do-nothings in the department of naval services in Ottawa. I am no better informed now than I was this morning and at three o'clock, and it is now twenty minutes to four. I still expect a right and clear answer from the minister showing the reductions which have been made in each of the units or establishments or branches of the naval services department compared not with July but with September, the month which followed V-J day last year. We must know how the minister has been working to cut the ties of bureaucracy in the department; it is not a matter of expressing vague sentiments and cloudy ideas about the reductions which have been made. I want to have the information in black and white; I want to know how many of these do-nothings were in each branch last year and how many are there this year. The minister will not put in my head the thought that after both wars are over, the war against Germany and the war against Japan, the usefulness of all those in his department has not ceased. I do not cast aspersions on all, but naturally there must be some the minister can dispense with. I do not know the number of men who have been dropped from office since September of last year, and I should like to have a tabulation of those figures. It should be easily made up, if the personnel is as efficient as it has been described. This is for those engaged in civilian occupations, sitting in swivel chairs here in Ottawa.

With regard to the sailors, brave as they can be, let me tell the minister of an experience I had many years ago. I spent a Yuletide at a dock yard, and I saw the number of servants the commanding officer had at his disposal. They were fine boys. One was shining silverware; another was shining brass; another was shining boots, and one could not interfere with the work of the other. One was cleaning silverware; another was cleaning china; another was cleaning the porcelain; one had the key to the wine cellar; another was serving wine; another was serving water and another was serving bread and butter. They were like the sands of the sea and the stars of the sky. I do not cast any aspersions on the navy, but I know the work being done

by those men could have been done by a butler and a handyman; two men could have done that work very easily. But there was a cloud of servants, and we cannot say anything because they are in the navy. Well, even if it is done that way in England why should we follow that example here in Canada? It is time to stop those practices. It is unfortunate that they should be carried on when men are needed in agriculture, in the forests and everywhere else, when work is not done because we have not enough men at our disposal. There we have these men serving their country shining silverware, shining brass, the one shining the brass and not shining the silverware, another shining the boots without shining either the brass or the silverware. This is very important, and they take it very seriously. They take it for granted; that is the noble tradition.

Coming to that noble tradition, is there anything more foolish than that they should wear a black tie to mourn the death of Lord Nelson? Not only that; they wear the most absurd trousers, with seven creases to indicate the seven seas. Those uniforms are most uncomfortable; they are ridiculous, and they are not changed because it is the navy tradition to wear trousers symbolic of the seven seas and a black tie to mourn Lord Nelson.

Mr. MACKENZIE: Why not?

Mr. POULIOT: Because we live in modern times. The *Victory* was a great ship, but it is tied to a wharf in the south of England. Does my hon. friend belong to another age, or does he live in the year 1946? I should like to see him in a sailor's uniform.

Mr. MACKENZIE: As a matter of fact I excel my hon. friend, because I have been in a sailor's uniform and he never has been.

Mr. POULIOT: That is true, but now my hon. friend could not wear the same uniform, which is very unfortunate. Here we are with the hon. gentleman who leads the house, who is most congenial, but who still mourns Lord Nelson. Let him mourn Lord Nelson.

Mr. MACKENZIE: Why not?

Mr. POULIOT: Surely; let him mourn Lord Nelson as much as he likes.

Mr. MACKENZIE: We are proud of him.

Mr. POULIOT: Surely, we are all proud of him; he was a great man. I would not say a word to the contrary, but the sailors of the Canadian navy should do something else than mourn Nelson, and wear those long pants that are like bells.

Mr. KIDD: They have done something else.

Mr. POULIOT: Yes, I know, and I do not deprecate what they have done. I admire them, but they are most uncomfortable. They complain about it, and when I speak like this I express the grievances of the sailors of this year 1946, the sailors who did so well during the war and who survived it. Somebody should improve their lot by at least making them comfortable. Perhaps there are many young men who would be ready to enlist in the navy but do not do so because they think they would look foolish in that uniform.

Mr. QUELCH: You would not want them to wear kilts, would you?

Mr. POULIOT: No. I leave that to the hon. member for Winnipeg South.

Mr. MUTCH: Don't worry; I'll be back on that subject.

Mr. POULIOT: I leave to him the little petticoat which adorned him when he came into the house during the war, and I leave to him the other article mentioned by my hon. friend. But, sir, we are here for reform, and to reduce the number of idle men in this department. I suppose there must be some who will be idle, since there are some everywhere, but let us have as few as possible. And let us give the boys in the navy a chance to be comfortable when they go out, a chance to dress properly according to modern times and in accordance with modern uniform traditions of the nation. This is not a joke; I am talking seriously. I believe in the comfort of these men and the comfort of all those who are in government employ. The other day I asked for some improvement. I was not successful; I was told it was not desirable, but I still believe it is desirable to make men comfortable.

The minister is not a fanatic or a bigot; I hope he will change the policy of the department which now requires that no Canadian may apply for enlistment in the navy unless he is as learned as Pico della Mirandola. Why should a man need to have a university degree in order to be a sailor on a ship, or a stoker, or an assistant to serve meals?

Mr. ABBOTT: He does not.

Mr. POULIOT: Some fine fellows whom I knew personally applied and were turned down because their education was one year short of the standard required by the department; the minister knows that. Therefore I hope the navy will become modernized, not only with regard to the guns on the ships but also in regard to the comfort of the crews, so that all ideas of bygone days may disappear and the navy shall live in our time, in the year 1946.

The ACTING CHAIRMAN (Mr. Golding): I believe it was suggested by the minister this morning that we should deal with the items as they appear on page 275. The first item is civil salaries and wages. Shall this item carry?

Mr. POULIOT: No, sir.

Mr. HARKNESS: The minister was going to answer my question.

Mr. ABBOTT: I am a little lost in the maze here. I gave some figures this morning on this item of civil salaries and wages, made up to June 30, which is about six weeks or so ago. As the committee will realize, these estimates seem to be a kind of movable feast; you have to make fresh estimates every now and then, and it is a little difficult to know just what will be wanted. I will have a more up to date estimate made, if it is possible to do so, and give it to the committee either later to-day or at a later date. Speaking generally, however, our estimates for the year are based on the assumption that there will be a further reduction of at least one thousand civilian employees from the present figure. I hope and believe that the reduction will be substantially in excess of that, but these estimates were prepared some time ago, and obviously it is difficult to know just how rapidly the demobilization, both of men and materials, can proceed, so it is necessary to make provision for the situation that may exist. However, I say now that our financial estimates are based upon a further reduction of at least one thousand, and I believe it will be greater than that. I think that answers the question of the hon. member for Calgary East, and I shall try to get a little later information for the hon. member for Temiscouata.

Mr. HERRIDGE: I was amused to hear the hon. member for Temiscouata, whom many of us consider one of the older traditionalists of the house, criticize the traditions of the navy.

Mr. POULIOT: Not at all.

Mr. HERRIDGE: I rise to bring to the attention of the minister the fact that in my constituency we have a well-organized and efficient sea cadets corps. They did excellent work in the last few years. The boys are being trained in navigation, seamanship and general administration connected with ships. The community has purchased a large headquarters, and has provided some cutters and other equipment. They have excellent opportunity for training because of their proximity to the Columbia river. I suggest to the minister that naval stores be made available to these corps, and that the naval department do everything possible to supply these sea cadets corps with available equipment such as small boats, navigating instruments, and life preservers. There are many small items which could be transported for the use of these sea cadets corps. What is the policy of the naval department in this regard?

Mr. ABBOTT: I agree with what the hon. member has said about the sea cadets corps in his own district and the sea cadets movement generally. So far as equipment is concerned, the practice is to make modern up-to-date equipment available for sea cadets corps. The method is to issue it to the reserve division nearest the point where the cadets corps operates, and the division issues the supplies on loan as required. In other words it is decentralized to the extent that the local division is given the responsibility of accounting for the equipment lent to the local corps, but naval headquarters determine how much should be provided. I can assure the hon. member it is the policy of the department to be as generous as possible in making suitable equipment available.

Mr. STEPHENSON: We had the same experience in my constituency with the sea cadets corps. We wanted to get a ship which would be suitable for training, because we are located right on the lake front, with a good harbour. The corps offered as much money as it could get together, but it was told that the amount collected was not sufficient to purchase the ship. It would seem to me the department should give some assistance to the sea cadets corps so that they could continue. I suggest the navy department give some consideration to this matter, so that suitable boats may be made available.

Mr. ABBOTT: I shall look into the points raised by the hon. member. There is a generous provision, to the extent of $829,000, in this year's estimates for the sea cadets corps. As the committee knows, this is a joint enterprise. The sea cadets corps are under the auspices of public-spirited private citizens who give direction and guidance. The navy assists in the work of the corps by furnishing a financial appropriation to help with instructors, equipment and so on. However I shall look into the point the hon. member has raised.

Mr. KIDD: What are the plans for the fleet air arm? Where does the minister intend to get recruits?

Mr. ABBOTT: I discussed that matter at some length just before the luncheon adjourn-

ment. It was put on the record in some detail, so that if the hon. member will look at *Hansard* to-morrow he will find the statement there. If he does not find covered the point he has in mind, I hope he will ask a supplementary question.

Mr. HARKNESS: I hope the minister realizes that the questions I have been asking about these civilian employees have been in an attempt to get a reasonable explanation as to the apparent disparity between the amount of money being spent by the naval branch and that spent by the army and air force on civil salaries. I have suggested two possible reasons, one of which was that some of these men were being used to cover up vacancies which exist in the permanent naval ranks. The minister says that is not so. If it is not so, and if there is to be a reduction of perhaps only a thousand in the number of these men—and the minister hopes it will be greater—it must be that there is still a considerable disparity, even if we accept the figure of $4,424,000 for civil servants alone and $8 million odd for people who do not come under the civil service generally. The amount for civil salaries and wages in the air force, with a lot more men to begin with, is still $5 million odd and in the army, with a very much larger number, it is $7 million odd.

Mr. ABBOTT: But they do not operate dock yards.

Mr. HARKNESS: In the air force and navy there are a considerable number of establishments of one kind or another partly operated with civilian help, and I suggest that offsets this dock yard element. Is there any other reason for this apparent disparity? —because there certainly is a disparity of some considerable amount.

Mr. ABBOTT: I suggest that if my hon. friend analyses other estimates he will find that there are some civil salaries and wages carried in the army estimates, for instance, under other headings. We have attempted this year in connection with the navy to bring them under this one item. As I said this morning, that differs from the practice in previous years. I agree with everything said by the hon. member, or by any other hon. member, that it is desirable to cut down the number of civilian employees. Let me assure the committee that I am driving at that every day. I realize that the proportion appears high, although I am not prepared to say it is too high. Indeed I do not think it is, to-day. I am told that in the navy, by reason of the operation of dock yards, and some other activities, the ratio of civilian employees is higher than in the other two services. I am advised that that is true in the case of the admiralty, although I have no personal knowledge of that.

I am glad this matter has been brought up, because it will second my own efforts to cut down the number of civilian employees to the lowest possible number consistent with the maintenance of a strong and efficient navy. I take no exception to the criticism of the hon. member respecting civilian employees, but I am only doing my best to explain why there are these numbers. I assure the committee I am doing my best to see that they are kept within proper proportions.

Mr. HARKNESS: I thoroughly agree with the minister that all civilian employees should be listed under one heading so far as civil salaries and wages are concerned. He has indicated that that is being done for the navy. If it has not been done in the army and air force estimates I would request that civilian salaries under those departments be brought in under a separate heading, so that we may have a better opportunity to make comparisons and to know to what extent civilian salaries and wages are being paid in those two services.

Mr. MERRITT: Going back to the matter of recruiting, on what date does the minister say that the 10,000 men will be enlisted?

Mr. ABBOTT: We rather hoped that we would be close to that objective by about the end of the present fiscal year. The staff tell me that that would suit their plans very well in arranging the manning of various ships and changing over from war to peace. It will certainly not be earlier than the end of the present fiscal year, and probably not until a bit later. To be more specific, we hope to have something around 8,700 by the end of this current fiscal year, March 31. Our second carrier will not be in commission, we expect, until some time next year. That of course has a direct relationship to the number of permanent force personnel we wish to take into the service. She carries a complement of about 1,000 men.

Mr. MERRITT: In February the minister was quoted as saying that one carrier and four destroyers will probably have to be carried in reserve because of the 10,000-men limit. So from the figures he gave this morning it appears there are very few destroyers in commission—only two out of twelve—and one

frigate out of eighteen. Therefore it would seem to me that the 10,000 objective will not be much affected by the carrier.

Mr. ABBOTT: We cannot just leave her standing idle. Even in reserve she carries men.

Mr. MERRITT: I understand that, but not a full complement.

Mr. ABBOTT: That is right.

Mr. MERRITT: At the present rate of recruiting, 200 a month, it will take twenty-five months to reach 10,000. If we are going to have 10,000 in this fiscal year, as there are only about six months left the rate will have to be quadrupled and you will have to take in about 800 a month. I throw out this suggestion. As an extra aid in recruiting I cannot think of anything better than that the minister himself should go out and speak in some of the principal cities in Canada and encourage young Canadians to join the service. With such encouragement I am sure that a large number would come forward. The minister can be the best recruiting agency we could possibly have, and probably he will cost less than others.

Mr. ABBOTT: I sincerely thank my hon. friend for his very generous tribute to my oratorical and persuasive powers. Nothing would please me better than to do the sort of thing he suggests, but he will appreciate that for the last four or five months it has not been easy for me or for any minister to get away from Ottawa. I hope that the session will soon be concluded—and while I am frank to say that I do not intend to go on any recruiting tour immediately after the session is over, I appreciate the suggestion my hon. friend has made. I was hoping long before this to make at least a trip to each of the two coasts and see our establishments there. I have done it only in a quick sort of way, spending a day or two only in each place—not from any lack of desire on my part, but solely because of more pressing duties at Ottawa.

Mr. MERRITT: I did not offer the suggestion lightly, and I hope the minister will not only visit the establishments but speak publicly in aid of recruiting.

Mr. ABBOTT: I am sincere when I say I appreciate my hon. friend's suggestion.

Mr. MacNICOL: Quite a number of Canadians are now serving in the British fleet air arm, continuing their training over there perhaps more extensively since the war is over. Is it part of the minister's programme to bring these young men back to serve in our own fleet air arm?

[Mr. Merritt.]

Mr. ABBOTT: We have a very considerable number who served with the British fleet air arm during the war. It would not be possible to take all of them, because there were a larger number of them than our complement would permit, but that is the source from which we have been drawing most of our flying personnel.

Mr. ADAMSON: The minister in reply to the hon. member for Trinity stated that the liaison or cooperation between the three services was on the chief of staff level. I want to make a comment on that. It is the practice now in the United States and in the United Kingdom forces that every officer who attains command must have a knowledge, and in the United States a very extensive knowledge, of the functions and limitations of the other two branches of the service. While the navy in the United States has not a separate air force, nevertheless the liaison is at a much lower level than chief of staff, and I suggest that the minister consider seriously establishing a joint staff college so that every officer at the commander level or the squadron leader level, or even lower, may have the opportunity to understand the operations and limitations of the other two services. It is obvious that as war becomes more and more scientific and the velocity of projectiles much greater, a knowledge of the operations and limitations of weapons, and a knowledge even of the outlook of the other services, is very important for any officer in command to have in any future war. I think every one of them should have that. At the chief of staff level you find officers who are very jealous of their prerogatives, and the cooperation is apt to be on the surface rather than genuine. A man on the chief staff level is inclined to take the view: That is all very well, but I am running the navy. The same attitude will no doubt be found in the other services at the chief of staff level. But if all officers who are likely to take command had a knowledge of the functions and limitations of the other two services, I believe you would have a much more effective and efficient defence service. I suggest that to the minister. I do not know what plans have been made in that regard. I merely heard his reply to the hon. member for Trinity.

Mr. ABBOTT: I thank the hon. member for his suggestion, and I can assure him that thinking along those lines, and probably something more than thinking, will develop in the not very distant future. We have an army staff college at Kingston which representatives of the other two services attend; also an army training station at Carberry and an operation school at Courtenay, British Columbia. On

both coasts the air force and the army are cooperating closely with the navy. Anyone who has seen anything of war realizes that no army in the future is ever going to fight without an air force in close liaison.

Mr. ADAMSON: And no navy in the future will fight without an air force.

Mr. ABBOTT: Right, and under certain conditions no army will fight without a navy. I agree that there should be the closest possible liaison between the three branches of the service, and that is what we are endeavouring to achieve. I mentioned the chiefs of staff committee, but that liaison is carried on at all levels. The director of plans for the navy is constantly in touch with his opposite number in the other two services. The personnel members committee meets regularly to discuss personnel problems. The research and development branch, as the committee knows, is headed by Doctor Solandt, who was formerly Colonel Solandt. That branch coordinates research development for the three services. So we are making real headway in attaining good liaison between the three services.

Mr. ADAMSON: I think every junior officer should know the functions and limitations of the other two services.

Item agreed to.

Mr. HARKNESS: Before we proceed to another item, Mr. Chairman, the minister was going to give the war establishment showing a breakdown of the 10,000 officers and men.

Mr. ABBOTT: I will give that later, or perhaps on the army estimates.

571. Defence research. Subject to allocation by the treasury board, $14,495,861.

Mr. ADAMSON: What does this item contain? I see there is no reference in the back of the book.

Mr. ABBOTT: We have been proceeding so expeditiously here, Mr. Chairman, that I have not even got my estimate book here, but I shall have it in the course of a few minutes. Meanwhile I can explain briefly what this item of defence research includes. We have taken in this item the amounts which were included in the different services for research and development and have included them in one item which is to be voted as a separate item. The sub-department of the Department of National Defence, research and development, as I said a moment ago, is under the direction of Doctor Solandt, who has been appointed director-general of research and development for the armed services. This is the appropriation on which those activities will be carried on for the remainder of the current fiscal year. I think, speaking from memory, this is for a special amount to cover the expenses of the director and his staff.

Mr. ADAMSON: Do I take it that this concerns research into new weapons?

Mr. ABBOTT: Speaking broadly, perhaps that is a fair statement. The branch will conduct in close liaison with the national research council research into new weapons, as my hon. friend says, although a great deal of that work will be carried on in the individual departments, in the three branches of the service under the direction of the specialists there. In addition this appropriation will cover operations such as the Suffield development in Alberta, chemical warfare branch research, and development there, and the general supervision of and inquiry into all branches of research as they affect the defence services.

Mr. ADAMSON: Including, I presume, the newest of weapons?

Mr. ABBOTT: Yes, I think it is fair to say that. Doctor Solandt, director-general of research, was in the United Kingdom not long ago, when he attended a conference of the research and development people in other parts of the commonwealth. One of the leading research and development men in the United Kingdom was out here shortly before that; and just recently we had a visit from Major General Bevis, of Australia, who is the master-general of the ordnance in the Australian army and who is keenly interested in research and development in his country, and spent some time with our people here learning the plans which they have for handling it in our service.

Mr. ARCHIBALD: I stepped out for one second, and because of the phenomenal speed with which things are going through here—

Mr. ABBOTT: I have not forgotten my hon. friend's question. I have asked the deputy minister to get me the information, and I may have to give it a little later, when we are discussing the army estimates. But I will give him a complete answer.

Mr. MERRITT: I notice that in the estimates for the three services there is roughly $60 million for ammunition and bombs. Do I understand that this $14 million is the total amount for research, and that that $60 million which is in the three service estimates is for the production of present operational equipment entirely? Is that all new production?

Mr. ABBOTT: Most of the item to which my hon. friend is referring under ammunition and bombs is a carry-over of commitments from the previous fiscal period. We had very large contracts outstanding for ammunition and bombs, and this is largely an item for unliquidated commitments. When I have my estimate book I may be able to give the breakdown of that. This item of research and development is completely apart from that; and incidentally I may say that included in those other items there would probably be, indeed I know there are, considerable expenditures for the actual production of items which might be classified as development, if you will, but which can be used for operational purposes as well. But the $14 million under item 471 covers, as I say, the amounts appropriated in the three services for research and development as such, together with an additional amount to cover the costs of the work which will be undertaken by the new head and his staff.

Item agreed to.

569. Army and related services (commitments $25,843,524), $283,170,171.

Mr. PROBE: The estimates of the Minister of National Defence for the current fiscal year include, according to this document before us, $104,793.40 on ordinary account and some $488,608,641 on demobilization and reconversion account, roughly a half billion dollar requisition, and, compared with estimates we have been talking about before, roughly 200 per cent of our federal expenditure on health and welfare. This estimate is doubtless considered necessary by the Minister of National Defence to implement the financial outlay implied in the resolution, which has been standing on the order paper now for some months, which reads:

> Resolved, that it is expedient to introduce a measure to amend the Militia Act whereby provision will be made for a permanent force of officers and men in number as may be authorized by the governor in council, and for the employment during the period of demobilization of such members of the military forces as may be deemed necessary for the orderly carrying out of such demobilization.

In connection with this expenditure I wish to remind the committee of a resolution presented to parliament by the minister of defence in the government of 1919. In that resolution the minister of the day sought to provide for a permanent force not exceeding 10,000. That number was a 100 per cent increase over the force authorized prior to world war I. The argument of the then minister of defence in support of his resolution was that the internal unrest in Canadian labour—the Winnipeg strike was in progress at that time—as well as the defence of Canada against foreign aggression, necessitated that increase from 5,000 to 10,000 in the personnel of the permanent force.

The estimates of the Minister of Justice this session showed an increase in the Royal Canadian Mounted Police requirements of nearly $4,000,000, or fifty per cent over last year, a total amount equal to roughly the full permanent force requests following the first world war. I presume therefore that the Minister of Justice has judged that his department is now properly equipped to attend to the peace, order and good government within Canada's borders, so we may conclude that after the demobilization expenditures of the Minister of National Defence have been paid, the balance of the half billion dollars for which he is asking will go to the maintenance of Canada's post-war navy, army and air force.

From the facts I have stated, it must be most evident that the government of Canada has somehow committed its people to an extremely large peacetime expansion of armament from the custom of the past. One third roughly of all the money to be voted by parliament this session goes to the Minister of National Defence for expenditure in the second year of peace. The permanent force is not limited in number, as it was in 1919, but permission is being sought by the minister this session to create a force in numbers as may be authorized by the governor in council. Such a procedure is contrary to all peacetime precedent.

Many of the most bitter conflicts between the people and their king in English history dealt with the peacetime maintenance by the king of a standing army. The Bill of Rights of 1688 contained this clause:

> That the raising of a standing army within the kingdom in time of peace, unless it be with the consent of parliament, is against the law.

Civil war has been waged in England over this principle in past centuries and now the Minister of National Defence in effect asks for a blank cheque on which he will place his own figures. With this power of the minister I must disagree, as did the citizens of England disagree with Charles I and James II.

The story of frontier America portrays an evolution in the maintenance of law and order that I feel I must recall to the house. In the unorganized frontier areas, each citizen by his own strength, and acting on his own concept of law or of right, protected his domain or pillaged his neighbour. Individual strength was the law. From the confusion of this system, in which might was right, a delegation of

law enforcement powers was made, after considerable trial and error, properly to empower delegates of the community as a whole. The individual was protected in his lawful aspirations by the combined strength of the community, and under this system the strong and the weak, neighbour and stranger, lived in a security that was lacking when each man was his own sheriff.

A similar evolution is in making in the world community. The feudal barons who protected or pillaged their dependents and neighbours, have yielded their powers in the common good to a national authority. National military leaders in past conflicts have for the duration of the war accepted assigned military tasks from a supreme commander selected for his qualities proper to the occasion. In peace time the same delegation to an international authority must be made by national bodies; for it has long been self-evident that no single national state can defend itself against an aggressor, nor can a single aggressor state successfully strive against the combined forces of defending allies. Darius, Napoleon, Wilhelm II, Hitler, have all failed to disprove this thesis. The professional general does not defeat the citizen army. The volunteer strength of Canada's civilian turned soldier has matched Wehrmacht in the past and is quite capable of doing so again should the necessity ever once more arise.

All arguments for the maintenance of a permanent peacetime force are invariably based on the need for preparedness against some foreign attack. To use such an argument on behalf of any peacetime force, that this country is able and prepared to equip and maintain for action against any possible aggressor nation, is ridiculous. Modern methods of warfare would make the defence of Canada, with its huge land areas and small prepared forces, an impossibility, and this I am certain that no exponent of military strategy could safely contradict.

Why then is the Minister of National Defence asking the house for an appropriation for such a peacetime military force? The Canadian people have no interest in becoming an aggressor nation. By ourselves we cannot repel an aggressor. The duty of the Canadian parliament to organize modern armed forces arises not only or even mainly out of our defence needs but out of our obligations as a member of the world community, pledged to help the maintenance of peace. In the Atlantic charter the Prime Minister of Great Britain and the President of the United States held out to all the people of the world the hope of four freedoms based on a world organization for the maintenance of peace and of security. This world organization, the united nations organization, is struggling to achieve that which its predecessor the league of nations failed to do. In its aim to secure international security it already has many powerful unfriendly critics. Not the least vocal of these critics are the proponents of nationalism and national armaments. The C.C.F. party feels that Canada must play a positive part in making the united nations organization the effective instrument for which it was designed.

At the opening of the San Francisco conference last year, President Truman said:

> This conference will devote its energies and its labours exclusively to the single problem of setting up the essential organization to keep the peace.

The charter of the united nations, drawn up at that time and concurred in by Canada, states, in article 43:

> (1) All members of the united nations, in order to contribute to the maintenance of international peace and security, undertake to make available to the security council on its call and in accordance with a special agreement or agreements armed forces, assistance and facilities including the rights of passage necessary for the purpose of maintaining international peace and security.
>
> (2) Such agreement or agreements shall govern the number and the types of forces, their degree of readiness and general location, and the nature of the facilities and assistance to be provided.
>
> (3) The agreement or agreements shall be negotiated as soon as possible on the initiative of the security council. They shall be concluded between the security council and the members, or between the security council and groups of members, and shall be subject to ratification by the signatory states in accordance with their constitutional processes.

While no indication has been given to the members of this House of Commons as to agreements, as mentioned in article 43 of the united nations charter from which I have just quoted, respecting Canada's role in an international protective plan, and while no such agreements have as yet been presented to this house for ratification, the C.C.F. members of the house are prepared to support a negotiated contribution by Canada to such a protective force, and are prepared conditionally to approve the mustering of suitable armed components in anticipation of such agreements being secured and ratified by the House of Commons.

The conditions which the members of the C.C.F. group feel should be assured to support such an interim set-up are as follows:

1. That the number of officers and men be set, not by governor in council but by the parliament of Canada.

2. That the Canadian force be recruited on a volunteer career basis with candidates accepted on an aptitude basis only.

3. That the terms of service be such that promotion will be based upon general personal ability, or upon special ability in scientific military research; that upgrading of personnel in military science and technical research be continuous for all ranks throughout the entire period of service, with syllabi drawn up to include studies in history, economics and world citizenship, as well as technical studies solely applicable to the service.

4. That the present undemocratic forms of drill and discipline be reorganized in favour of rational treatment of all ranks.

5. That pay scales of pay and allowances, amenities while in service and pension privileges on discharge be more nearly equalized for all ranks than is the case at present.

6. That the basis for admission to, and study in, all military institutions be individual ability only, without regard to race, creed or colour; that the curriculi of these institutions be based on modern social and military needs, to include the historic study of the causes and results of war, and that all permanent force personnel be automatically eligible for admission.

7. That all scientific discoveries of the Canadian force or of military research laboratories be made available to the united nations assembly on a reciprocal basis, and where research results have humanitarian value, that the findings be passed on for the general benefit.

8. That army, navy and air force be integrated into a unified group for combined operations under a single staff, under direction of and through continuous liaison with the united nations protective force as required and when established.

9. That non-technical staff (of high ranking officers) be drastically reduced and senior staff officers regularly reexamined and retired from the service to make way for younger and more efficient officers.

10. That the present military districts headquarters staffs be retired on discharge of active army, and that the complements of area staffs and national defence headquarters staff be reduced to such number and with such functions as to maintain efficient military requirements.

11. That all activities of and appropriations for the Canadian armed forces be subject to continuous review and control by a standing committee of the House of Commons. In that connection may I say I regret that under item 571 not one word was said by the Minister of National Defence with respect to parliamentary review, other than by officers of the treasury board, of the defence research estimates in that section amounting to $14,495,861.

12. That no members of Canada's armed forces, by virtue of such membership, shall be debarred from full exercise of the normal rights and responsibilities of Canadian citizenship.

13. That the Canadian government establish crown companies for the sole manufacture and use of armaments, and that our ultimate aim be that such manufacture and use be under control by the united nations organization.

The members of our group feel that to implement the policy I have broadly outlined will be an effective way to realize Canada's duty to maintain the obligations toward world security under the united nations organization, provided further that our spokesmen at the conference press for early implementation of section 43 of the charter. Not one word has thus far come from the conference to the effect that Canada is vitally and honestly interested in securing implementation of section 43. Without this implementation the united nations will succeed no better than did the league of nations. The world wants no more national armaments, and the discovery of the atomic bomb has made national armaments a fallacy. Fighting forces are for attack only. Modern warfare makes the civilian population bear the whole brunt of defence, whether it be fire fighting, first aid or anti-aircraft defences. The minister apparently is presenting no plan to prepare Canada for defence; therefore, if it be for attack, let it be according to plan of the united nations.

It was Pascal who said:

> Strength without justice is tyrannical
> And justice without strength is a mockery.

Mr. POULIOT: The hon. gentleman has made a very interesting speech. I agree with part of what he has said, and thank him for his support in reducing the number of brass hats. There are other suggestions with which I do not agree. The Department of National Defence is made up of men who are of the same type as those who were in charge during the first world war. I should qualify what I said about brass hats. Brass hats are men whom we see only in time of war. Beside that they are ignored and we do not know where they are. They are like rats which hide behind the walls and in time of war come out and eat the good Canadian cheese.

On occasion, sir, I have spoken outside the house, and I deeply regret the feeling that the eight provinces have against Quebec. I will explain to you, sir, why such feeling exists. It

is precisely because of conscription. I congratulate the minister and his assistant on what has been done with regard to amnesty for soldiers and the draftees, but, as always, that measure is not entirely satisfactory to the men. In the first place it is unsatisfactory because it comes too late, and second because national registration was abolished at the same time that the amnesty was proclaimed. When I congratulated the hon. member for Lotbiniere on what he did with regard to the soldiers and draftees I told him that the amnesty proposal was apparently a good thing, but it was drafted in such ambiguous terms that no one could know what it meant; and it comes late. Now there is at least partial amnesty, or words mean nothing. Men who want to be discharged will get out of the camps at an early opportunity, but, sir, it was a long fight against conscription—but it was not described as military conscription. It was a long fight that was carried on; it was carried on mostly against prejudice which had been created by government agencies, by the radio, by the vicious information board, and by all other means—propaganda to teach Canadians that their duty was to join the colours, and that if they did not do so they were not acting as good Canadian citizens.

The matter was taken up from a racial angle. The English-speaking members of the Quebec legislature were so silly as to say, I think with only one exception, "As we are of British allegiance we must be in favour of conscription," meaning military conscription. So it was put on a racial basis; the matter was discussed on those lines from beginning to end, on the stump, over the air, in the press, and all those who did not agree with that policy, which was exactly the same as the policy propounded by the brass hats in the first war, were not good citizens, not good Canadians. That was the policy; it was brought into the mind of everyone, one after the other. Everyone had to believe that the duty of all Canadians, and the only duty, was to join the colours; if he did not do so he was not doing well, he was not doing what he should. Here in this house, from the seat I occupied at the other end of the alley, I asked the Minister of Labour what was the duty of each Canadian citizen during the war. His answer was quick; he said his duty was to join the colours, to enlist in the army, and suggested that those who were not enlisting were not doing their duty. That was most absurd. There was a law; we had the Natural Resources Mobilization Act, to the effect that the boys should report to the registrar for medical examination, and that they should report to the camp when they were called by the registrar. They did so; nevertheless they were covered with shame just because they were not enlisting. Those who were sick or unfit went in to enlist. Some of them were discharged at once, but they were considered as heroes just because they had signed a paper for overseas service.

The propaganda went on and on. There were full pages in the newspapers asking the boys to enlist, to do their duty. From the start a distinction was made between those who enlisted and those who did not, though they were complying with the law. That distinction was maintained. A button was given to those who had enlisted. Those who did not enlist could not get a job unless they had been discharged by the army for medical reasons. They were put aside; they were in a category by themselves; they were like the untouchables of India. Because some farmers believed in the promise made in this house by the Prime Minister himself that farmers would be exempted, a promise that was denied the following day by the Minister of Labour; because they took it for granted that the word of the Prime Minister was the solemn word of the government and of those in charge of the business of this country, those men were run after by army police and were given treatment that is a shame in a civilized country.

To come to my proposition, to the principle I was explaining, it is that there has been a vast amount of propaganda in this country to create the opinion, the same opinion that was created during the first war, that all men of military age who were physically fit should enlist in the army. After that was done; after all those who did not believe that the farmers, the railway men, the fishermen, the miners, those making munitions and arms, those making clothing and shoes for the soldiers, those working on ships at sea and building ships in the dockyards, should enlist were publicized as slackers; after some parents had lost children and friends in the war and there was a veil of mourning over the country, then it was said that conscription, the only thing that was needed for the prosecution of the war, was not imposed because of the province of Quebec. That is the type of propaganda that has been so strong in the other provinces against the province of Quebec, because in Quebec during the war the people kept their senses and thought exactly as I am sure all members of this committee now think. But during the war there was great excitement. Everybody was beating the drum; everybody was waving the flag. Then the opinion was different from what it is now, when the war is over. How many times have I and the other members who were fighting for the farmer been insulted and humiliated in this house, just because we had the firm conviction

that the army alone, brave as it could be, could not win the war by itself. It deserved the help of all those men who were not slackers, all those men who were doing their duty. There is now a reaction, perhaps, in the minds of some people; but many still believe the province of Quebec is not the loyal province she actually is, that the province of Quebec has not done her duty, not because her sons did not enlist just the same as they abided by the law, but precisely because of that propaganda which has worked against the province of Quebec and which has been instigated by men who lived upon the money voted to support those who were in the fighting lines. It is most disgraceful; and it is precisely because that propaganda has been going on during five years of war that it will take a long time to redress the wrong that has been done to my native province in the minds of the Canadian people and in the minds of other nations as well. I ask the hon. gentlemen who are members of this house to think of us, to think how much the province of Quebec has suffered, precisely on account of the propaganda which has been instigated by a few men who are known as jingoes and junkers in this country.

We have been told many times that the province of Quebec was ruling the country, that everything was done to please that province. It was not true; the province of Quebec was slaughtered under the roses. The province of Quebec never had the influence to rule the government, because we had conscription when we were told there was no conscription. My hon. friend was not a minister of national defence during the war, but all ministers of national defence during war time, after the death of Hon. Norman Rogers, who had been a private during the first great war and who was a great man, were just the puppets of the brass hats, the junkers and jingoes who infest national defence headquarters at Ottawa. That is all they were. Ralston and McNaughton were just puppets of the men in N.D.H.Q.; no one can deny that. Those men at headquarters were ruling; they were the brass hats; they were the war lords; they were the war criminals. When I think of war criminals there is one I have to denounce to-day, and denounce bitterly. It is that man Chisholm, who made soldiers suffer so much during the war. And now Chisholm, shame to us, shame to the world, has been appointed to the united nations in charge of health. I wonder if he is playing a game of bingo at the casino Monte Carlo with the Minister of National Health and Welfare at the present time. I do not know; it may be so. They are like Siamese twins; we cannot separate them.

But, Mr. Chairman, I receive abuse; I receive humiliation. I received it during the war, when I was alone, fighting for the railway men. There were members in the House of Commons who belonged to the unions; there were members in the House of Commons who were real labour men. But none of them raised his voice. I was surprised when the presidents of the two great railways said exactly what I have said on behalf of the railway men who were doing their duty in the war.

I could say much more, but I shall conclude by reading a letter I received to-day from a military organization. I shall not read all the letters I received. But when I fight for the men who are sometimes called the underdogs I do so in fulfilment of my duty. I fear no one in the fulfilment of that task. I consider that we in the House of Commons have a task to perform. I realize that there are progressive thoughts in the minds of my hon. colleagues, even if they do not speak aloud, even if for one reason or another they do not dare to express themselves. But I know they are progressive, because otherwise they would not be so kind to me as they are now, and as they so often are.

This letter to which I have referred comes from the Canadian Combat Veterans' Association in British Columbia. It is dated at Vancouver, British Columbia, August 16, 1946, and says:

Jean Francois Pouliot, Esq., M.P.,
House of Commons, Ottawa.

Dear Mr. Pouliot:—

I have just read your remarks recorded in the *Hansard* debates of August 1, 1946. I have particular reference to your pertinent observations concerning the defects in the administration of the Canadian (Military) Pension Act, pages 4154/4158 of the debates. You will, I know, well understand why this association assumed the responsibility of bringing to the attention of parliamentarians, of all political affiliations, the defaulting character of the administration in question. These conditions, as you well realize, have not grown up overnight but are implicit in the administration and call for the most drastic remedies.

On behalf of the membership of my association, who are men with actual service in a war theatre, without exception, I would like to express our very deep thanks for your courage in illustrating to parliament—by concrete cases—that, for some reason, justice does not freely operate for those who have sustained injury and disablement and handicap of ruined health as members of the armed forces of the nation. In so far as the criticism of the Minister of Veterans Affairs is concerned, interrupting your remarks, you may discount what he says, as while he is a man of very wide attainments of a scholastic nature, he is not representative of the

front-line veterans of Canada, as his war-time history shows he was "temperamentally unfitted for front-line service" . . . With this knowledge, you will now perhaps understand why unnecessary evils have grown up in the administration in question as the outgrowth of political expediency rather than justice being honoured. I mention this fact in passing, but it is necessary you should possess this information if you are to succeed in your endeavours in fighting for the under-privileged classes.

English-speaking Canadians who have seen service in either world wars I or II, hitherto have gathered the impression that little assistance would be forthcoming from French Canada in the herculean task of streamlining the administration of the legislation in question. Your stand, however, in the dominion parliament—the first of its kind—on these vital issues is a definite assurance to men like myself, representing influential groups of ex-servicemen, that the public opinion of French Canada is slowly but surely being oriented to the literally gigantic task of streamlining the process of justice, so that, in the very near future we may indeed build for our children and the generations who will follow us a democracy " of which no citizen need blush." Your address in parliament, if publicized, will be, I believe, a substantial factor in merging all men and women of goodwill to our common objectives of a Canada united in spirit and in truth, where injustice has no place. To-day, injustice is enthroned, and hence our national disunity.

From what has transpired in parliament, it is obvious there is a rising tide in the country led by able and fearless men who are determined that the peace is going to be won, where it can only be won, in the spiritual sphere, and that injustice, as such, has no place in the peace. As you so clearly point out, the call now is for men to stand on their feet for what is right and the Great Guidance will direct our path to the goal of a true Christian democracy.

Mr. COLDWELL: Who signs that?

Mr. POULIOT: Walter H. Kirchner, secretary of the association. I could say much more than that; but, before closing, I wish to express my thanks to the minister for the interest he has taken in some cases which I have submitted to him; and my thanks also go to his able parliamentary assistant, who has shown patience in the correspondence I have had with him. But that correspondence would not have been necessary if we had not had in charge of some branches of the department men who were incompetent and unworthy of that office.

It is time to clear up the situation and to follow the suggestions already made by four members of parliament, three in connection with air services and one in connection with the army. It is time to make a check on the progress that is made, not in vague terms, but a check made to abolish some of the establishments. I know of some where the girls have been knitting since the close of the war, but they are receiving salaries just the same. The country has no need to pay them. I do not see why we should have any sympathy for people whose task is over. They did very well during the war, but there is no more work for them. There are many men in the country who were faithful servants and helped do a job, but their job is over. Men should be set back, and women should be set back until there is another job.

I hope that war will never call for more personnel in N.D.H.Q. than in any of the other war departments. I read that letter precisely to prove that point, and if I cannot secure the assistance of parliament I will get it from outside—and it will be very easy. I will get it, not from the officers of the last war—very few of them—but perhaps from some non-commissioned officers, and certainly from the soldiers in the ranks, those who have been outside and who want parliament to accomplish something.

Until now, what are members of parliament to say to their constituents, except that they have passed a series of books of legislation, a Justinian review of past action by the parliament of Canada in the year 1946? We have passed legislation by the bushel. But the people are not interested in legislation, legislation that is passing in such quantity that no one can read it.

The people want reform, and I have tried for a long time to get it. In the interests of reform I have appealed to those who are Liberals and who call themselves Liberals. I thought their number was large enough to accomplish reform. But it is in the hands of the jingoes and the Junkers of N.D.H.Q., who were so well represented in parliament during the war by the megaphone of Arthur Meighen, when he was leader of the Conservative party.

I appealed first to the Liberals, and then I appealed to the Liberal-minded members of other groups in the house. Then I tried to do something for Canada, seeing that Canada was ignored, and that we should have a Canadian spirit—but without success. Party ties were too strong.

I now make an appeal for reform. Whether a man belongs to the Social Credit group, the C.C.F. group, or the Progressive Conservative party, and especially if he belongs to the Liberal party, he must have in his heart a strong desire for reform. I appeal to all those who are the grandsons or the great grandsons of reformers, and I ask them to listen to the voice of Canadians from coast to coast asking for reform in government, asking not for more government but for less government, and for more efficient and more competent government. This was my request, and it is not my yearly performance. It is a performance that I intend to give every time I have an opportunity to act here in accordance with

what I say in my constituency and in addresses outside this house which I have had the honour to be invited to give. When hon. members try to raise matters earlier in the session they are told to wait until the estimates come before the house, that they will have full opportunity to discuss the matter then. It is now the 19th of August, toward the close of the session, when these estimates come up. Earlier in the session it was the seeding season; then it was the berry season; we have now reached the apple and plum season and we are still discussing estimates, and members are tired and sick of it as I am myself. If I speak now it is because I have a duty to fulfil. It would be much more pleasurable for me to be at home, and if I am here to-day it is in an endeavour to obtain reform.

Mr. MACKENZIE: Oh!

Mr. POULIOT: Hear the obstacle, the big obstacle, in the way of reform. Let us put them out and send them back home, so that other ministers who are ready for reform can accomplish something. I am not going to stand any longer for interruptions from any quarter. What I do now I do from a sense of duty. I have a duty to perform.

Mr. MACKENZIE: The only one.

Mr. POULIOT: No, I am not a Pharisee; I am a publican. This duty should be done by a minister of the crown who is good only to make jokes. I did not know who was the guilty party, the obstacle in the way. I thought of some ministers, but I never thought it was the Minister of Veterans Affairs. But now the cat is out of the bag, the big cat, the big tomcat. We know now, and I hope the Prime Minister will get rid of him at the first opportunity so that we can progress and reform this country.

Mr. MACKENZIE: Mr. Chairman, I would hesitate very much to delay the progress of a very hard-working parliament; but in all my years in this house, and they are rather long now, I never listened to such twaddle in my life—twaddle—that is what it is. Hon. members here are anxious to get on with the real business of the nation, and they have to sit and hear an attack made as it was made by the hon. member for Temiscouata on gallant officers, very gallant officers, in the Department of National Defence, an attack which demeans him and does not enrich the parliament of Canada. I know these officers. They may be brass hats; some of them have been brass hats according to their stations and their capacities.

Mr. McIVOR: They are good heads.

[Mr. Pouliot.]

Mr. MACKENZIE: They have patriotic hearts; they have fought for Canada, and I despise and condemn as strongly as I can the demagogic attack make by the hon. member for Temiscouata upon great Canadians. They are grand Canadians, Canadians who would die for their country to-morrow. You, my hon. friends in this house, know that what I say is true and that the hon. member's attack is twaddle. More than that, it is a condemnation of our parliament and of our democratic system, and I am one member of this house who is not going to tolerate it. I will fight it as long as I am a member of the house, whether a minister or not. I will fight such unutterable and demagogic nonsense on the floor of this house every time, regardless of party.

Mr. PEARKES: Is the Minister of National Defence at this stage going to make a general statement on his estimates?

Mr. ABBOTT: I had not proposed to do so any more than I did on the naval estimates. I thought that the general outline of our plans given last session and in statements since had pretty well indicated the general policy and that it would expedite the business if I were rather to answer specific questions asked by hon. members.

Mr. PEARKES: Since the opportunity to debate defence matters has been rather limited during this session I should like to make a few remarks on the army's role in defence generally and to keep them as applicable to these estimates as possible.

I imagine that a large proportion of the moneys that are to be voted in these estimates has to do with the demobilization of the personnel and the cleaning up of various bills outstanding. I think I would be voicing the opinion of members on all sides of the house when I say that we were pleased that the demobilization has been carried out as expeditiously as possible and we rejoice with those people in the country who are welcoming back their loved ones who have been overseas. Generally speaking, I do not think there is any doubt that demobilization has been carried out as expeditiously as it was reasonable to expect. We realize the difficulties there have been regarding shipping, and if there have been some disappointments with personnel not being home as soon as was expected, in the great majority of cases perhaps these were unreasonable expectations.

There are, however, or two points in connection with the demobilization programme which have not met with the entire approval of the country. It will be remembered that last session members from this side of the

house urged a more general application of the principle that those who had seen the longest and hardest service be returned to Canada first. We realize that it was not possible to carry out entirely the principle of "first in, first out". But we feel that more consideration might have been given to the proposal which was made by the hon. member for Vancouver-Burrard that those men who were entitled to wear campaign medals should be given a greater degree of priority in being brought back.

There is a group of men to whom I feel special reference should be made, and those are the individuals who have been referred to as key personnel. Although they had a high point score, many of them were retained in the forces against their wishes in order that others might be demobilized. I refer to the clerks, the provost corps, the cooks, and a certain number of officers, regimental and staff. I feel that a word of praise should be coming to this class of men, because the speedy demobilization to which I referred earlier was due very largely to the sacrifices that this class of men made.

I should also like to express regret that it was found necessary to demobilize entirely, I believe—I can go only by press reports—the C.W.A.C. Those girls in the service did remarkable work. The majority of them are also anxious to return to their homes. But some were willing to stay on in the service. I believe it would have been well worth while maintaining a small nucleus of girls in the service upon which we could build, and so develop the experience in the years to come that, in the event of the unhappy circumstances arising again of Canada being plunged into war and our having to utilize the woman power of the country, we should not have to go through the difficulties which we met with, owing to lack of experience in the middle of this last war when the C.W.A.C. was first organizing. There are many branches of the army work which women can undertake, and the chances are that by study and experience in times of peace we could find that, if another war broke out, the women of the country would be better prepared to take their place in the ranks with the men than they were during this war.

One other aspect of demobilization to which I should like to make reference is the position of the permanent force personnel who, by means of their satisfactory service during the war, gained promotion and now find, in some cases, that they have to resign their commissions and join the ranks, if they still wish to stay on, at a very much lower grade of rank than they had earned during the war. I realize that in many cases it would be necessary for officers and non-commissioned officers to step down a rank or two, but it is difficult for the man who has earned a commission on the field of battle and has perhaps risen to the rank of captain to find, when he wants to continue his service in order that he may reap the benefit of the pension to which he regards himself as entitled, that he will have to step down in some cases to almost the lowest ranks in the army.

One other aspect which has some connection with demobilization, and to which I referred earlier in the session, is the withdrawal of the Canadian occupational force from Germany. I feel that some criticism on that action should be advanced, or at least that we should demand a full explanation—an explanation which the Prime Minister promised when I raised the question some months ago—as to why that force was withdrawn at that time. There was a feeling, expressed in a Gallup poll which was held some months ago, that Canada was in some measure abandoning her responsibilities in the great and vital task of the recivilization of Germany, in years when the German people would have to decide whether they would adopt a form of democracy or some form of totalitarian government. I realize that men who had had long service in the field would be anxious to return home and might be loath to continue their service in the occupational forces. A certain number of volunteers was obtained for the purpose of providing the numbers to which Canada had agreed. Other men were detailed for that duty from the establishments in Europe or in England. But apparently there were not sufficient personnel available to make up the numbers which were required, without imposing hardships on men who had seen a good deal of fighting. There is the feeling amongst some of our allies, which to a certain extent was expressed in the British House of Commons, that perhaps this country, which had never let down any of its allies during the war, was rather letting them down during this critical stage, the early days of peace. When it was suggested that it was hard that our allies should have to bear the burden alone, the reason advanced for our withdrawal was, I understand, that it was for administrative reasons. If Canada hopes to hold a position and to carry out any commitments which the united nations may call upon her to do in the future, we must learn how to overcome "administrative difficulties".

Leaving that: on a question of general policy, it has not been easy for the members of this house to follow the general pattern of our defence policy, because many of the announcements regarding policy and the

developments which are to follow have been made outside this house, and it is only by press reports that one has been able to glean information in the endeavour to patch the pieces together so that one might get the over-all picture. But I gather that it is the policy of the government, a policy with which I feel all parties will agree, that Canada must take every practical step which is possible to defend her own territory and to be prepared to meet any obligations which may be assigned to her by the united nations organization when their defence committee starts to function properly. I believe the country as a whole is anxious to support such a policy. The country realizes that we are close to a great war, the issue of which at times was very much in the balance. The country also realizes that modern armaments cost a great deal of money: huge expenses are required for modern equipment in the air force, in the navy and in the army. I do not believe that our people would object to voting the sums which are necessary, but they want to be absolutely certain that the money is being spent as judiciously as possible and in a way which may be expected to achieve the results for which it is voted.

In order to ensure the efficiency of our fighting forces, during the last session hon. members on this side of the house made certain suggestions. It will be remembered that the hon. member for Vancouver South suggested that there be a standing committee on questions of defence, made up from all parties in this house. When that suggestion was repeated at the beginning of this session the Prime Minister made remarks to the effect that he thought that might be a very good idea. However, nothing has happened. We have urged that there should be a closer coordination of the three services. I cannot help feeling that there is no evidence that there is a closer coordination at the present time. There is on the order paper a resolution to continue the two ministers of defence. Well, an argument may be put forward for retaining a minister for air for a limited period while demobilization is going on and while the air force is readjusting itself to peacetime conditions. But if we are to have any common doctrine between the three services, I think the first step should be to get those services under one minister.

As other indications of lack of determination to have the three services properly coordinated, I suggest the location of some of the headquarters of the new commands is indicative that the importance of a close liaison between the different services is not fully realized. I can refer only to conditions on the Pacific coast. During the war, the army, the navy and the air force all had their headquarters at Jericho beach in Vancouver. These headquarters have dispersed. The air force remains at Jericho; the navy has gone over to Esquimalt, and the army has gone to Edmonton. A similar condition exists on the Atlantic coast. There may be administrative reasons for this, but it seems to me that it gives one the impression that perhaps the great importance of a close liaison between all the services is not fully appreciated.

Another point which was emphasized during the last session was the recommendation I made myself that, in order to ensure as far as possible that we drew up the right pattern for our defence forces, the heads of the services, the heads of industry and of the professions and sciences, should be assembled to form what I referred to as a Canadian Haldane committee in order to decide the general pattern for the three defence services. None of these recommendations was adopted. One is almost forced to the conclusion that perhaps the government has failed to realiize the effect of the development of new weapons and of changing conditions, and the effect that should have upon the position of our forces, with the result that to-day the government is committing the nation to a long-range programme of heavy expenditure without having fully realized the new position in which, I suggest, Canada now finds herself.

That new condition, I suggest, is this. Prior to the outbreak of this war. Canada's defence policy had for many years been based on the assumption that, if war broke out, she would be required to send a force overseas to fight what I may describe as an empire war, certainly a war fought in conjunction with other empire forces, somewhere other than on the North American continent. For years it has been our proud boast that we have not had to defend our southern frontier, that our relationships with the United States have been so satisfactory that it has been quite unnecessary for us to make any real preparations against the possibility of attack by our neighbour to the south.

Therefore it has been possible for the general staffs so to arrange their organization, so to arrange their plans, that the main purpose of the Canadian defence forces would be to take part in a war, not in Canada but in some other part of the world. The years 1914 and 1939 bear out the efficiency with which those plans were made, and their effectiveness. Those plans were based mainly on the assumption that there would be a period of rather leisurely mobilization and a period of further training which would be available to the troops that

Canada was going to send overseas. And as in 1914 there were many weeks before the Canadian troops were actually engaged, so in this war, in 1939 and 1940, there were fortunately many months before our forces were required to be battle-worthy.

I wonder if these conditions exist to-day. If one stops to ponder for only a moment, he is forced to the conclusion that there are only three powers which could possibly launch this world into world war III—the British commonwealth of nations, the United States and the Soviet Republic of Russia. You may take any combination of those three powers you like, and it is inevitable that Canada then becomes a major theatre of war and that Canada's shores are on the highway between any of the combinations of these opponents. There would be no time for leisurely mobilization; there would be no question of sending troops away from our shores. If the tragedy of world war III comes, then world war III is going to be fought in Canada. Therefore our Canadian organization for defence must be based on the premise that we have to fight here, and we have in peace time to make our plans, not for the same leisurely mobilization, not for that period of training after the outbreak of hostilities, but for an organization which will be able to stop the bomber from coming to Canadian targets without warning.

That, I submit, requires most careful thought before we commit the country to any type of defence forces which does not have that primary factor as the first consideration for the organization which is prepared in peace time. As I say, we have never had an over-all picture; but I am forced to the conclusion, from the information I gather from the press, that the government's policy is not visualizing any great departure from that policy which has stood us in such good stead under entirely different circumstances in the past. We are still basing our peacetime army organization on an increased non-permanent militia and an increased permanent force. I see in these plans, in what I know of the type of unit which has been authorized either for the permanent force or for the non-permanent militia or reserve army, as it is now being called, little which would indicate that it will be ready to meet a sudden attack on Canadian shores, launched with the new weapons of the scientific era.

I feel, so far as details are concerned, that they will make the non-permanent militia a little bit brighter and a little bit bigger, but I am afraid that the non-permanent militia officer has still to make great sacrifices both in time and in money. He will find that he will have to devote a great deal of his time to bringing the units up to strength. His efforts will be largely devoted to recruiting and holding the men by social activities rather than to training the men to take the field at a quick and early notice. I feel that while the proposals, as far as I can gather them from the press reports, indicate that the permanent force is to be divided into what I should call three sections; one, to look after the administration; two, to be central schools and, three, to be a brigade group or a small field force, that field force at the present moment is terribly under strength; it is short of equipment; its armour is obsolescent and the units will be starved of trained personnel in exactly the same way as they were starved during the years between the two wars.

The field force is referred to as a brigade group. A brigade group is not a modern formation, although the grouping of certain specialized units might be referred to as a brigade group. The whole virtue of brigading together certain units was that the personnel of these units would be familiar one with the other and would be exercised in working together.

A few weeks ago I asked the Minister of National Defence whether these units were to be concentrated or distributed across the country. I suppose, for administrative reasons, he said that they were to be distributed across Canada from the Atlantic to the Pacific. I fear that we are going back to the same old story of little companies of permanent force troops at various provincial capitals prepared to put on a guard at the opening of the legislatures, prepared to provide some sort of little display at county fairs and so forth. If we are to have a field force which is to be of any value at all, that force must be concentrated and trained together so that one may know the other. Skeleton formations will not be the answer to these sudden attacks.

I have grave doubts as to the effectiveness of the grouping of these units. We have not been told exactly which units are to form the permanent force. Again one can only get the information from the press reports. I feel that this field force is woefully short of the technical units. During the last years of the war just ended, the principles which were enunciated by such great leaders as Alexander, Montgomery and Crerar were for the overwhelming concentration of supporting arms behind a small group of infantry or armour which conducted a penetration on narrow fronts. From what I can learn of the organization of this field force, it is lacking in the technical units and in the supporting arms which would be able to adhere to this policy.

To date, I think one must admit that the numbers joining the permanent force and the

numbers of those who are in the interim force and have expressed a desire to join the permanent force are disappointing. I do not know why that is. On the whole, the new rates of pay are satisfactory. The standard of education which is required of perhaps both officers and men may hardly be practicable of achievement.

In regard to the various items in the estimates, there will be some room for criticism in regard to administration particularly. There is justifiable questioning as to whether this new command organization will make the necessary reductions in personnel in the districts and in national defence headquarters which one would believe that it was designed to do. We cannot have greater commands superimposed upon the districts unless we see a reduction in the number of personnel either in these districts and subordinate staffs or in the staffs at national headquarters.

In conclusion, I am forced to say that I believe the organization is faulty because the government has not taken a realistic view of the up-to-date requirements of the type of defence which Canada needs to-day, which is not the type of defence organization that was in vogue twenty-five years ago. I doubt whether the government has realized the danger of modern warfare. Therefore I feel that some of the expenditures in these estimates are definitely wasteful and unwarranted because they will fail to be effective.

Mr. IRVINE: I understand a commonwealth military conference was held in Britain last week, presided over by Field Marshal Montgomery. I wonder if the minister is prepared to say what were the problems discussed there, what policies, if any, were agreed upon, and whether Canada was represented at such conference.

Mr. ABBOTT: I do not know that I would call it a commonwealth military conference. What did take place was that Field Marshal Montgomery was having a meeting with his chiefs of staff and senior officers, and invited our chief of the general staff to attend. No questions of policy were discussed; it was not a conference at which matters of policy were to be discussed. It was more an exposition of tactical problems and a general discussion of matters of that kind. It was not a discussion of matters of policy, but a general round-table conference, discussion or exposition of modern tactical procedure. The chief of the general staff returned this morning. I understand that at the same time Sir Arthur Tedder held a discussion with his senior air officers. The chief of the air staff was invited to attend that conference, and did so.

Mr. KIDD: I was hoping that on item 1 the minister would say something with regard to the Royal Military College at Kingston. Since he did not do so, perhaps he would answer one or two questions in that connection. First, why was the Royal Military College at Kingston closed for the training of gentleman cadets? When was it closed? On whose authority was it closed, and when does his department expect to reopen it? If the minister would answer those questions I shall have one or two more to ask later.

Mr. ABBOTT: I do not recall just when it was closed, but it was during the war, I think in 1940 or 1941. The question as to when it will be reopened and under what circumstances, has, as my hon. friend knows, been brought up in the house on a number of occasions. In answering the various questions I indicated that it was the intention of the government to continue the Royal Military College, but that under what conditions had not been determined. In order to assist me and the officers of my department in arriving at a sound conclusion in that respect, a special committee was set up under the chairmanship of a distinguished soldier, Brigadier Sherwood Lett of Vancouver. That committee completed its hearings in July; there was prepared and submitted to me some two or three weeks later a report, which I now have and which is being studied. It is an excellent report, which I found extremely interesting and which is going to be of great assistance. I am not yet in a position to state on just what basis the Royal Military College will be reopened. I announced, of course, that it would not be reopened on the old basis this fall. We have ample supplies of officers, for the moment, for our post-war forces. I hope to be able to make an announcement perhaps before parliament reconvenes; but, if not, certainly at the latest before the end of the next session.

Mr. KIDD: I wish to impress upon the minister as strongly as I can the fact that the public are expecting an announcement, and I think that announcement should have been made this session. It is now getting late in August. I do not agree with what the minister has said. He did not answer my question, on whose recommendation the college was closed for the training of gentleman cadets, whether it was the recommendation of the chief of staff or of the committee. It was not closed in the last war, but it was closed during this war. I am informed, though I believe there is a difference of opinion in that regard, that the closing of the college was a mistake. Many young men across Canada are to-day

being deprived of the opportunity of attending the Royal Military College because, as the minister and his officers well know, a young man cannot enter the college when he is nineteen, twenty or twenty-one. It is these boys of sixteen, seventeen and eighteen who are losing that opportunity. For that reason, if the committee will bear with me for a moment, I should like to place on record something of what the college has done. I do so because only a few days ago we in Kingston celebrated our 100th anniversary of the founding of the city, and for seventy years the Royal Military College has played an important part, not only in the life of that city, but in the life of the whole country.

The motto of the Royal Military College is "truth, duty, valour." This challenging motto is the anvil upon which the destinies of gentlemen cadets have been shaped since 1876 at the Royal Military College, Kingston. The carefully kept records of graduates' careers tell something of the success the Royal Military College in preparing Canadian youth for tasks of leadership, but the sum total can never be stated. If the purpose of the founding of the college was to train young men in the profession of arms in order to provide leadership in times of national crises, then that purpose has been and is continuing to be served.

Following an enviable record in the first great war, the cadets and ex-cadets brought even more honours to their college with their service in the second conflict. A total of 1,419 cadets were engaged in service, including sixty-two who were doing special war work. One hundred and thirteen gave their lives in action, 637 awards and honours to R.M.C. alumni have been announced to date. The Victoria Cross was won by Lieut.-Colonel Cecil Merritt, the George Cross by Air Commodore A. D. Ross, and a Companion of Honour by General H. D. G. Crerar. As a result of their service in the second conflict, knighthoods were awarded to four ex-cadets: Lieut.-General Sir G. N. Cory, K.C.B.; Lieut.-General Sir A. E. Grasett, K.B.E.; Brigadier C. F. Carson and Brigadier E. O. Wheeler, the last of whom is the present surveyor general of India. Commander of the Bath was awarded to fifteen graduates, Commander of the British Empire to fifty-five, and Distinguished Service Order to seventy-seven. Other awards included sixty-nine foreign orders. A total of 199 ex-cadets held the rank of colonel or above in the army or equivalent rank in other services. Altogether 280 graduates of the college have attained such rank since the college was founded. Twenty-nine attained the standing of general in the second war, twenty-eight in previous wars. This number includes those serving in both the British and Canadian armies and in other services.

The first step in the history of the college was the passing of an act to establish a military college in one of the garrison towns of Upper Canada by the imperial parliament in May, 1874. The Royal Military College was founded in 1876 by Hon. Alexander Mackenzie, then prime minister of Canada. The linking of Alexander Mackenzie's name with the R.M.C. recalls one of the delightful bits of personal history from the early years of Canada's development. Thirty years before his choice of the site for the college, Mr. Mackenzie was employed as a stone mason on the self-same site when Fort Frederick was being erected. As he worked he could see the great natural beauty of the site as well as its strategic position in the military scheme, so what more natural than to select it for a military training school when he became prime minister?

Cadets have come to Kingston from all parts of Canada and, upon graduating, all have entered for a time into a life of duty to the country and to the empire in the military, air and police forces. The story of their exploits in the interests of the great commonwealth is a wonderful one. Mention might be made of a few; of Girouard and Rhodes in South Africa; of Bridges, the first G.O.C. of the Australians in the first great war and founder of the R.M.C. of Australia; of Luard and Straubenzee in China and Malaya; of Kirkpatrick, Heneker, Cory, Nanton, Lotbinière in India; of Perry, Sanders and Macdonnell in the R.C.M.P.; of Stairs who died in 1892 while with the H. M. Stanley expedition in Africa; of Massey-Baker in Papua; of Bishop, Twining and Burstall, Macdonnell and Panet; names to conjure with during the heroic struggle of 1914 to 1918.

During world war II, former cadets held strategic positions on all fronts. General Sir G. D. Rhodes, C.B., C.B.E., D.S.O., was in charge of military transportation in Iran from the Persian gulf to the Caspian sea. At the same time Brigadier Sir C. F. Carson, C.B.E., M.C., also an R.M.C. graduate, was directing similar activities in Iran.

Two chiefs of general staff of the Canadian army, Lieutenant-General K. Stuart, C.B., D.S.O., M.C., and Lieutenant-General J. C. Murchie, C.B., C.B.E., are also graduates of the college, as are Major General J. V. Young, C.B., C.B.E., and Major General J. H. MacQueen, C.B.E., masters general of ordnance, and Major General N. E. Rodger, C.B.E.,

quartermaster-general of the Canadian army. Major General Chris Vokes is also a graduate of the famed military college.

Though the teaching at the college has been primarily for the purpose of training officers for the army, the accomplishments of its graduates are by no means limited to the military field.

Amongst those, past and present, who have achieved distinction in civilian capacities are: Sir Percy Girouard, one-time governor of the East African Protectorate; Lieutenant-General Sir A. E. Grasett, lieutenant-governor of the Isle of Jersey; Colonel P. C. H. Primrose, one-time lieutenant-governor of Alberta; Colonel Colin Gibson, present air minister; Major-General A. B. Perry, C.M.G., former commissioner and S. T. Wood, C.M.G., present commissioner of the R.C.M.P.; F. H. Peters, former surveyor-general for Canada; Lieutenant-Colonel R. E. Kent, alderman and several times mayor of the city of Kingston; R. T. M. Scott, and W. Heighington, well-known writers of fiction, and numerous other lawyers, doctors, engineers, editors and industrial men.

For many years the command of the college was held by imperial officers, but that practice was discontinued in 1919. The present commandant is Brigadier J. D. B. Smith, C.B.E., D.S.O.

The grounds comprise a peninsula between Kingston harbour and Navy bay and consist of about forty acres. The buildings are grouped on three sides of the square. The oldest and most historic building is the "Stone Frigate", a dormitory, and one of the original buildings of the old naval yard; the newest is the mess hall and gymnasium. At the entrance to the grounds on highway No. 2 is the memorial arch, erected by the R.M.C. club in 1923. This is undoubtedly one of the finest memorials in America. The splendid sturdiness and strength of its aspect dominate the approach to the college. Its panels in bold relief, its groupings of military attributes, its helmeted head sculptured on the keystone, its inscriptions and tablets—all will repay close inspection. The arch is a fitting memorial to the memory of former cadets who died in the first world war.

The college has accommodation for 200 students, and it was planned to have the "Stone Frigate" supplanted by a modern dormitory adjoining the new mess hall. The excavations in solid rock had been made for the new dormitory, when all work at the college was suspended in favour of more urgent activities following the outbreak of war in 1939.

[Mr. Kidd.]

I thank hon. members for giving me their attention, and I have placed these facts on the record only because I believe some recognition is due the Royal Military College. Therefore I make no apology in offering my appeal to the minister. I suggest if the Royal Military College is not used, why is Royal Roads being used for boys in the navy.

Before taking my seat, I should like to refer to two other matters which affect my riding of Kingston. First, I would associate myself with other hon. members who have referred to the manner in which the minister's staff, or some in the department, are dealing with men who are returning from overseas and who wish to join the permanent force. There is something wrong about this. The men I have in mind enlisted in the permanent force before the war, and perhaps served for five or ten years before going overseas. I have in mind one man particularly who joined the army as a profession. He was in the R.C.H.A. when war broke out, and proceeded overseas, first as a lance-sergeant, and then, after getting overseas, receiving his command as a subaltern. Following that, he was promoted to the rank of captain. This man, in his early thirties, led a battery in France during the present war.

This man is now back here, and I am asking the minister what he is going to do for him. I know the Minister of Veterans Affairs will agree with me that in our committee on veterans affairs which passed on twelve pieces of legislation we had to ask civilian employers to take some of these men from the service. When they come back, and show a desire to continue in the permanent force, they are told that they must lose their commission. Surely there is something wrong with that. Surely a man in his early thirties should not be asked to revert to a lower rank, particularly when there is no guarantee of employment in civilian life. This setup is wrong. I know there are various depots across Canada manned by men who are new in the service.

Then, these men who are making their applications are orphans. The R.C.H.A. is established at Petawawa, and a man going to the depot must be paraded before his officer commanding, only to find that he must leave the service. And what is happening at Petawawa is happening everywhere. No one is acting for these men, with the result that, as I have said, they are orphans. A man with fifteen years' service before the war comes back from overseas, and expresses a desire to give more service.

Then, when a man is put back in the ranks, what happens? This man has gone out to fight for Canada and the empire, but upon returning to his own country he finds that he must

become a junior to some officer or non-commissioned officer or warrant officer, and must take instructions from him.

I appeal to the minister to issue instructions so that this may be changed. I am afraid there are too many young men on the general staff to-day who are not taking a kindly or fatherly interest in these returning men.

Mr. ABBOTT: We are trying to build up an efficient army.

Mr. KIDD: I say that the minister should find appointments for these men who came back from the last war. It should not be difficult to find a place for a man who has been a competent officer—and I am not referring to those who have been incompetent. Surely there should be some place for them in the interim army.

Mr. ABBOTT: We are accused of having too many officers.

Mr. KIDD: A reply to a question I put on the order paper shows that ten per cent of the officers in the army at the present time did not serve outside Canada. There are ten per cent with the rank of subaltern and five per cent with the rank of captain who, I say, have places found for them. Someone looked after these men. Men who rendered service in the permanent force and during the war have been replaced by them.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. KIDD: When the house rose at six o'clock I had been speaking of the Royal Military College at Kingston and of returning permanent force officers who had fought gallantly overseas and who are not now getting the breaks they should get. Some of them are in their early thirties, and if they could continue in the service for another four or five years they would be eligible for pension. Employers of labour are compelled, under legislation parliament has passed, to reinstate their civilian employees who have returned from overseas service, and I submit to the minister that his department should set the example in looking after these returning permanent force officers. The same question was raised when the Royal Canadian Mounted Police estimates were before the committee. Some of these permanent force officers returning from overseas have lost promotions which they should not have lost, and that fact should be recognized. Some of them have had fifteen years' experience in the army, and surely they should receive more consideration than a boy who has been in the service for only four or five years. Instructions should be issued to the general staff that these men deserve and should receive more consideration than they are getting.

I also want to say a word or two about bands for the permanent force. What is the policy of the department in that matter? Are the bands being demobilized, or is it intended to continue them? Personally I think they should be continued. I think we should have a band to every one thousand or fifteen hundred men in the interim army. Back in the dark days in the 1940's the bands were being dismissed. It was a shame and disgrace to whoever was administering the army at that time to let the bands go out of existence, and a great deal of credit is due to the units themselves in maintaining bands out of the canteen funds. But I do not think we should have to depend on the militia units across Canada to maintain the bands, and I should like to know what the policy of the department is in regard to them.

Mr. ABBOTT: I think I have already said all I can say at the moment as to future policy with respect to the Royal Military College. I agree wholeheartedly with what my hon. friend has said as to the outstanding record which has been won for the college by its graduates. They have served with distinction in the two great wars in the last thirty years, and what my hon. friend said was certainly no overstatement of the magnificent record which the graduates of the college have won for themselves.

As to the promotion of permanent force non-commissioned officers and other ranks during the war, there has been some criticism on the other side of the matter, namely, that promotions have been too rapid and too great and that a good many permanent force non-commissioned officers have been retired on substantial pensions which in some respects are out of proportion to the rank which they held at the beginning of the war. I know that what my hon. friend is referring to are the permanent non-commissioned officers now in their early thirties who in some cases have been found unsuitable by the selection committee as commissioned officers in the post-war army. Any minister of national defence, indeed any minister, is obliged to rely on the advice of his officers, and a selection committee was set up for the selection of personnel to form part of the post-war force. I would not for one moment constitute myself

a one-man selection committee for the post-war army. That would be most improper. But I have looked into the question of the selection of officer personnel for post-war army, and in a number of cases where permanent force non-commissioned officers have not been found suitable for retention in their present rank I find that in every case they have been given the opportunity of reverting to the rank they held before the war. It is understandable that some of them would not be suitable for the post-war army. In war time there is a largely expanded personnel and one can use a great many officers in operational duty who, by reason of educational standards or otherwise, are not suitable for the comparatively small number of highly specialized officers required in peace time. That is the case with a good many of the permanent force non-commissioned officers to whom my hon. friend has referred. It has been found that, by reason of educational standards or in a great many cases lack of operational experience, they are not suitable for retention in the post-war army. We must proceed on the assumption that, with a small army for the post war, we must make that army as efficient as possible, and we cannot afford to be influenced by consideration of sentiment. We must endeavour to get the ablest and most suitable material that we can possibly get for the officer corps. Unfortunately, because we had such a small army prior to the outbreak of the last war, we were obliged to use a great many permanent force non-commissioned officers as instructional officers in Canada. We have a great many officers who, through no fault of their own, were not able to see overseas service. We had to keep them in Canada for instructional purposes. I can only answer my hon. friend's plea that consideration should be given to this class of soldier by saying that it is being given and that the selection committee for officers in the post-war army is doing its best to see that the officers selected are the very best possible, taking into account educational qualifications, operational experience and the like.

On the subject of bands I agree with my hon. friend that it is extremely important that there should be adequate bands. Through no one's fault in particular it was felt early in the war that bands were not necessary, but that lack was early recognized and I can assure my hon. friend that we will see that proper provision is made in the post-war army for a suitable number of bands.

Mr. BLACKMORE: Thus far no member of the Social Credit group has had anything to say on this occasion in regard to defence, not because we are not intensely interested in the subject. I believe that many Canadians are in grave danger of becoming unrealistic toward the matter of defence. I was alarmed when I heard the speech of the hon. member for Regina city, because it indicated that there is already developing in a considerable number of people a tendency to become victims of phantasy regarding matters of defence. Here are we, Canadians, eleven and a half or twelve millions of us; we have the finest land on earth, stretching thousands and thousands of miles. That land has to be defended. Someone must defend it. There are only three ways in which it can be defended.

One is by our cooperating with the members of the British commonwealth, the greatest team for defence of freedom the world has ever known; another is by cooperation with the United States and the other American countries in a scheme for western hemispheric defence; or, standing alone and trying to defend ourselves. There are a good many who will be somewhat offended because I have left out of consideration the united nations organization. I do not hesitate a minute to say before this house, and before the country in so far as anyone is interested in what I say, that the united nations organization is going to be just as useful in defending the peace of the world as the league of nations was, and no more. So that, if we rely on that organization, we shall by just so much betray the trust which is placed upon us in this fateful time. That is the point of view which Social Crediters take.

I was very much pleased with the speech delivered by the hon. member for Nanaimo. It indicated a disposition to face facts as they are; it indicated that the speaker knew what he was talking about, that he was living in a world of realities and intending to face that world realistically. I think we Social Crediters must associate ourselves with the words of the hon. member.

As I recall it, the minister stated that our navy is to be prepared to cooperate effectively either with the United States or with Great Britain. I assume that the minister has a similar aim as regards the Canadian army and the Canadian air force. I gather that the minister plans to make each of our three fighting services into a high-grade, efficient fighting unit, a unit adapted to defend our country with the greatest measure of striking power economically possible for Canada as a nation. With such a policy the Social Credit party is fully in agreement; and I wish to assure the minister that, in going forward with the responsibilities of his exceedingly difficult task, so long as he continues to face in the direction

he now is facing and so long as he continues to go forward with " full speed ahead", he will have our complete support.

Mr. BROOKS: I hope I may be pardoned if I say a few words regarding a matter which was discussed this morning, namely, in connection with the services at Dieppe to-day. I had an opportunity about eighteen months ago of being in the town of Dieppe. I saw the graves that were spoken of this morning, of the men who died there; I saw the beach on which they died; and I saw the hills and fortifications surrounding that beach. I am not going to elaborate on this, but the thought occurred to me then and it has occurred to me many times since, that the sacrifice which was made there was hardly worth while for the information that was obtained. I felt then and I feel now, that the price which was paid for that information was too high, and I believe it could have been obtained by other means. As a surprise attack, I think the operation would have been impossible: with the surprise element gone—and we all know the Germans knew our men were in the English channel and about to attack—it did appear to me, and I am sure it must have done to a great many, that the task they were asked to accomplish was almost as hopeless and possibly as brilliant as the charge of the Light Brigade.

I agree with the hon. member for Lethbridge in the statement he made regarding the hon. member for Nanaimo. I listened to his statement this afternoon: it was one of the best summing-up of any situation, military or other, which I have heard in this house. We of the House of Commons are fortunate to have a member with the practical experience in military matters of the hon. member for Nanaimo. Few men in Canada have his experience or his knowledge of such problems, and this house and the country should be very grateful for the information which he has given us this afternoon. He outlined the situation; and I congratulate the hon. member for Lethbridge upon his very short speech in which he also outlined the situation as we see it in Canada. He mentioned what he regards as the two alternatives. Well, we live in a time of hope, though possibly in years to come it may seem like wishful thinking. But I am not one of those who despair of the united nations; I hope and expect that they will accomplish something as far as world peace is concerned. If they do not, it will be a very sad thing indeed for this world. We can only wait and see; we should know in a few months what the situation will be as regards the united nations' programme, and what are to be the military commitments as far as Canada is concerned to the organization. If we have full assurance from the united nations and are satisfied that their ideas are practical, perhaps we can then base our defence programme upon what we learn at that time. But there are two other alternatives, as has been mentioned here. The first is, coordination and work with the British commonwealth of nations. We have cooperated with the British commonwealth in two great wars, and I wish to say here that I feel, and I know practically every hon. member and everybody in Canada feels, that we were justified in entering both of those wars, that we had to enter them not only for the defence of our country but in defence of the ideals for which we stand. We cooperated, as I say, with the British commonwealth of nations. In the future, whether we have a united nations' programme or whatever we have, the British commonwealth of nations must stick together, and our entry or whatever our contribution is to the united nations should be more or less upon a commonwealth programme.

I might also say that if it had not been for the unity of the British empire and the British commonwealth of nations in the early part of the recent war it is doubtful whether we would have the freedom we enjoy to-day; and had not England, Canada, Australia and New Zealand fought for that freedom in 1941 it is unlikely that the United States or even Russia would be in the position in which they are at this time. The empire saved the world.

The third alternative is cooperation with the United States. Well, we can cooperate with the United States as a commonwealth of nations; and if the British commonwealth of nations and the United States stand together, the freedom of the world will be assured whether we have a united nations' programme which is satisfactory or whether we do not.

My main object in rising was to obtain from the minister, if I could, information regarding a matter which I know has occupied the minds of a good many people in recent months. It was reported here some months ago that either the parliament of Great Britain or the war department there, I do not know which, had put out feelers to see whether Great Britain could train troops in Canada. We remember that a few years before the war it was definitely stated that Great Britain had asked to be allowed to train airmen in this country. I know it was denied in this house that Great Britain had made that request. I am satisfied that

she did not make the request, because countries do not make requests, even sister countries in the British commonwealth of nations. But I am also satisfied that some intimation was given that Britain would like to have trained airmen in this country before the last war. Limited as she was in her own borders, with her small area, it was only logical and reasonable that she would like to train her airmen in some country where there were greater opportunities for the purpose. I ask definitely now: Has Great Britain in any way intimated that she would like to train troops in Canada? I can see the benefit it would be to us.

The hon. member for Nanaimo this afternoon demonstrated logically to the committee, as I am sure he has demonstrated to the rest of the country, that the world situation to-day being what it is, if another great war broke out our soldiers would be fighting, not on the continent of Europe or in some other part of the world. We can reasonably expect that in such an event they would be fighting here on their own soil and in defence of their own country. What greater asset would there be in the defence of this country if a sister nation like Great Britain or Australia, or any other sister nation within the commonwealth, had men trained in this country, men who had been acclimatized here, men who knew the terrain, the climate and the people?

If Great Britain has not asked to be allowed to train troops here, it would not be out of place for Canada to suggest that she might do so. We have the report, and it is in the press, that having failed to obtain this opportunity in Canada, Great Britain is sending troops to Australia for training, where there are large areas and great opportunities for combined and operational training.

We have been jealous of our sovereignty in Canada. We have heard a good deal about that. I remember in 1938, one of the reasons advanced why Canada could not allow Great Britain to train her airmen here was that it affected the sovereignty of the dominion. Well, Australia is not afraid of her sovereignty. We did not lose our sovereignty because airmen from all parts of the commonwealth trained here during the war, and we shall not lose our sovereignty if Great Britain or any other sister nation of the commonwealth trains men here during peace time. I am not going to labour this point.

Mr. ABBOTT: I will answer it as soon as you are through.

Mr. BROOKS: I expect the minister to answer it. The hon. member for Nanaimo spoke about wars to-day not having the acquisition of territory in view. That is very true. In the old wars one nation, for territorial or other reasons, fought another, taking away part of its territory. The last war, however, was fought between fascism and nazism on the one hand and democracy on the other. If there are wars in the future they will be more for the purpose of advancing some ideology than for the purpose of acquiring territory; and if we wish to preserve, as I know we all do, our present way of living, then the nations that love freedom and democracy must combine to work hand in hand in every way possible to preserve their freedom and their ideals.

[Mr. Brooks.]

Mr. ABBOTT: I am glad the hon. member for Royal has brought up the question of the training of United Kingdom troops in Canada, because I saw the press reports to which he has referred. May I make the statement that there has never been any request, formal or informal, that United Kingdom troops should be allowed to train in Canada. A week or so after these reports appeared in the paper, Major-General Keightley, who is director of training for the British army, was in Canada; we had an opportunity of discussing the matter with him, both the members of my staff and myself personally, and he definitely ruled out any question of British troops training in Canada. In saying that, I do not preclude for one moment the exchange of personnel, which I hope will take place between our forces and those of the United Kingdom; but I am glad of this opportunity to dispel once and for all these rumours that the Canadian government has been requested to allow United Kingdom troops to train in Canada and has not allowed them to do so.

Mr. BROOKS: Can the minister explain, then, why United Kingdom troops are now training in Australia?

Mr. ABBOTT: I do not know that I can explain it, but I have a shrewd idea. There are certain conditions there which are peculiarly suitable for the training of troops in the new weapons of warfare and which do not exist in Canada. May I put it in that way.

Mr. HERRIDGE: There are a few questions I should like to ask the minister, but before I state them I must express strong disagreement with the lack of faith which the hon. member for Lethbridge has in the united nations organization. I will not say much on that question at this time, except to observe that if his view were shared generally, the united nations organization would be bound to fail. If the organization is not successful in developing techniques for

world peace, with all the difficulties involved, then this generation will not know a world worth living in.

The questions I should like to ask the minister are these. In British Columbia we had the Pacific coast militia rangers, a branch of the militia, which I am sure the minister will agree did splendid work. Since the war has ended, members of the Pacific coast militia rangers have formed an incorporated body, and I should like to know whether the minister is considering this and similar organizations as civilian rifle clubs when it comes to granting the benefits which the Department of National Defence has extended to civilian rifle clubs in the past. Again, I notice in *Reynolds News* of London, England, of July 14, that the United States is forming an arctic army of 4,500 officers and men, who will be trained in Alaska and in arctic waters. These men will comprise land, sea and air forces. Can the minister tell the committee whether any arrangement has been made for cooperation between the Canadian military authorities and those of the United States with regard to manœuvres and operations of that type? One other question. Are there going on in the north at the present time any manœuvres which can be regarded as a summer supplement to the Musk-Ox exercise?

Mr. ABBOTT: At the present time there are no operations which could be considered comparable with Musk-Ox.

On the second question which my hon. friend has raised, as to whether we are cooperating with the Americans in the training of troops, that is a matter which would normally be discussed through the permanent joint board for defence. I shall have to see whether there is anything in that regard, but I doubt whether it would be desirable or necessary to make a public announcement in the house.

As regards the Pacific coast rangers, I will ask my parliamentary assistant to reply. He is more familiar with the question than I am.

Mr. LAPOINTE: The question of the Pacific coast militia rangers has received considerable study by the department. My hon. friend will recall that at the last session there was a question of permitting the members to retain the rifles which they had used, and that was eventually settled. The question of perpetuating the P.C.M.R. and other similar organizations which were established during the war and providing for the reactivation in time of war is under consideration at the present time as is that of the different rifle clubs and associations which existed before the war. The question is receiving the active consideration of the general staff at the present time and a solution should be had shortly.

Mr. HARKNESS: This afternoon I expected that the minister would make a few remarks in reply to the extremely pertinent questions posed by the hon. member for Nanaimo. One of the matters which he dealt with is of such importance that I should like some information on it. I refer particularly to the composition of our permanent force. I have read the newspapers fairly carefully and all that I know about our permanent force has been gleaned from newspaper sources. From that source I gather that it will consist of 25,000 men, and that included in it there will be a brigade group. Apart from that, hon. members and the country generally know practically nothing of it.

The term "a brigade group" is an elastic one. I should like to know what the group is to consist of. On occasions during the past war a division was broken up into brigade groups. Such groups ordinarily consisted of three infantry battalions and their headquarters, a regiment of field artillery, a battery of anti-tank artillery, ack-ack batteries, company engineers, army service corps, a field workshop, field ambulance, along with several other minor odds and ends of various kinds. That was a brigade group. When it was actually performing in a fighting role it ordinarily had attached to it an armoured regiment and sometimes more artillery. I should like the minister to tell us what the brigade group of the permanent force is to consist of. Is it to be a brigade group such as I have just outlined, which would consist of about 4,500 men, or, with the addition of an armoured regiment, about 5,200 men? Is it to consist of a lot more units? That is a matter upon which we should have further information.

I should also like the minister to tell us where this brigade group is to get its training; where is it to be concentrated, if it is to be concentrated. When this plan came out first I understand that the brigade group was to be held in one particular spot where it could carry on the training and be available as a striking force to go immediately into action. I believe those were the words by which it was described when we first heard of it. My understanding now is that it is to be split up into units spread all over the country, and quite evidently it is not to be a force which is to be available for immediate action at any time. If you have a brigade group and another group of people spread across Canada and you want to concentrate them for immediate action it will take considerable time.

I know that from experience. These are questions in connection with the brigade group on which we should have some information.

Furthermore, if the brigade group is as large as the one I have described; in other words, if it is to consist of approximately 5,000 men, what is the remainder of the permanent force going to do? Before the war we had an authorized permanent force of 10,000 men. Actually I do not think we had at any time any more than 5,000 men in the permanent force before the war. If you allow 5,000 or 7,000 men for the brigade group it will still leave between 18,000 or 20,000 men in our post-war permanent force. I should like to know what they are to do. From my knowledge I presume generally that part of it will be used in administrative work of various kinds; part of it will be on the staff of national defence headquarters, Canadian military headquarters, and so forth, and part of it will be used to train the reserve army, but it is really not very much good. The reserve army, so far as I can see, is going to be a glorified pre-war non-permanent active militia, as stated by the hon. member for Nanaimo this afternoon, trained, as well as everything else being done, by 5,000 men. I have, as a matter of fact, a shrewd suspicion that a large number of these 18,000 men are to be what I would call wasted away in holding down a whole lot of administrative jobs, which will consist chiefly of men sitting behind desks and signing an innumerable number of forms of various kinds, on the bottom of each the following words will be found "passed to you". It would go to somebody else in the department, and he would also sign the form and pass it on to somebody else.

As one who took a considerable interest in the militia before the war and who is taking a considerable interest in it now, actually I am fearful that that is what will happen to a large number of these 18,000 to 20,000 men who will not be in this brigade group. I should like some clarification of that, and perhaps I shall have a few remarks to make on the matter later.

Mr. LAPOINTE: With regard to the first part of the hon. member's remarks concerning the composition of the proposed active force, may I say I believe that the information has been given in various press releases. Possibly it did not give all the information which my hon. friend wishes, but he will understand why. This information is of a technical nature and normally would not be given in such releases. However, if my hon. friend desires it I shall be pleased to give him the type of units which it is proposed will form the brigade group to which he has referred.

[Mr. Harkness.]

Mr. HARKNESS: Is it the type of thing I have just described, or something else?

Mr. LAPOINTE: It is a little more detailed than what my hon. friend mentioned. It has been given to the press, as I have already stated. Besides the brigade group headquarters, it will consist of two armoured regiments, three infantry regiments, one artillery regiment, one medium battery, two anti-aircraft batteries, two coast batteries, one anti-tank battery and the various signal sections and troops of a single brigade group. I think my hon. friend knows what I mean when I say "E" section, "X" troop and "Y" troop. There will also be a R.C.A.S.C. infantry brigade group company, one independent brigade ordnance field park, then the various R.C.E.M.E. units, which will go under the heading of the composite brigade workshop, and five various "L.A.D.'s" who serve the units which I have just mentioned. I think my hon. friend will agree that this is information which could not very well be given in a press release, and neither would it interest the general public.

Mr. HARKNESS: How many men all told?

Mr. LAPOINTE: Approximately 8,000. I am having that figure looked up to give the accurate one.

As regards the remainder of the 25,000 men to which my hon. friend referred as doing practically nothing, may I say that they form part of various static establishments which are dispersed in the various districts and commands, and which are necessary for the maintenance of the brigade group and for the various army schools established throughout the country. For my hon. friend's information, may I say there are thirteen engineer companies, one for each district, and a district signal section for each district. There is also a supply and transport company, R.C.A.S.C., for each district. Perhaps it will make the position clearer for my hon. friend if I tell him that in each district the following units will exist: a district headquarters; a works company, R.C.E.; district signals; district company, R.C.A.S.C.; district medical company, R.C.A.M.C.; district workshop, R.C.E.M.E.; detachment of the pay corps; detachment of the dental corps, and also personnel of the Canadian provost corps as might be detailed for a provost section in each district. It is also proposed to have schools for the various corps which will compose the brigade group, and I think my hon. friend will agree that all these establishments can very well absorb the remainder of the personnel to which he was referring.

With regard to the brigade group, I now have the figure, which totals 7,259 as being the establishment for the proposed field force.

Mr. HARKNESS: The brigade group seems essentially the type of brigade group we knew overseas, except that it has two armoured regiments instead of one, as is normal. But there is a terrific anomaly here; it has two coastal batteries. How they are going to pick up these big, heavy coast guns and gallop about the country with them, I do not know.

Mr. LAPOINTE: If my hon. friend will permit me, I gave him the field force, and it includes two coast batteries.

Mr. HARKNESS: In future, when the parliamentary assistant is talking about this group, perhaps he would be wise to leave out these coastal batteries, because I can assure him they are extraordinarily difficult to get mobile.

Mr. LAPOINTE: I know that; I am not an expert on the subject, but I have seen them.

Mr. HARKNESS: Apparently this brigade group is really simply the normal brigade group we became so familiar with overseas during the war, except that it has two armoured regiments instead of one, but that sometimes happened over there as well. It takes in 7,259 men. Apparently the remaining 18,000 men are to be scattered about the country in engineer detachments, signals, army service corps and so on in each military district. We had detachments of all these people in each military district before the war. That is nothing new; that is the same old thing. Probably we are to have more than we had before the war; but the point I am getting at, the thing that struck me in reference to this set-up from the beginning, is that if you have a permanent army of 25,000 men it seems to me the organization and set-up is extraordinarily bad if you have only 7,259 men with whom you can fight. In addition, I should like to know whether these 7,259 men are to be concentrated in a brigade group which might be used as a small striking force, or if they are to be scattered across the country.

Mr. LAPOINTE: My hon. friend will quite understand that in the period of organization these various units may be stationed wherever their permanent stations happen to be, without any need to group them together. But it is proposed that this brigade will undergo periods of training as a group.

Mr. HARKNESS: I still do not think I have had an answer. The parliamentary assistant says they will undergo periods of training as a group. That is what we did before the war in the non-permanent units which had companies or batteries or whatever it was scattered over quite a section of the country. We were brought together and went to camp to train for seven days; and we did a fair amount of reasonably effective training. But if you are to have a brigade group that is any good at all you must have them together; you must be training them, not for a week or two weeks or three months or some other period some time in the future; they have to be together all the time. The group must be training and working together, particularly if there is any truth in the rumour I have heard that this is intended to be an airborne brigade group. If this brigade group is to remain scattered across the country from Vancouver to Halifax it is not a brigade group at all; it is a few scattered units who are on permanent army pay and, as the hon. member for Nanaimo said this afternoon, are available to put on demonstrations from time to time, on July 1 and other festive occasions. As a fighting force it is not of much use. I really think the minister should take back this scheme for a Canadian post-war army, take a look at what happened during the last war and what may happen in the future, with the technical advances in warfare which have been taking place, and then bring in something that will do us at least some good. If we had a brigade group that could be a fighting force and that was ready to go some place and do something I would say that would be at least a good start. But if we are to have a so-called brigade group which is scattered all over the country in dribs and drabs and in that position, is no good for anything as far as fighting is concerned, then the government have done nothing and are wasting the money of the taxpayers.

Mr. LAPOINTE: I did not notice in the remarks of my hon. friend any very helpful suggestions. I might point out to him that at the present time the only logical thing to do is to have the units of this brigade group mobilized and recruited in various parts of Canada. I do not think my hon. friend could achieve any good results at this time if he tried to organize that field force or fighting force in one section of Canada. Not only that; as I have told the hon. gentleman, it is proposed that this group will be brought together for collective training. My hon. friend has had personal experience in that type of work. He spent a good deal of time training in England during the last war. He knows that, however you might have been brigaded or in a division, the amount of time any unit spent in actual collective training

as a group, a brigade group or a division, was much limited. Each unit was left to train by itself most of the time, except for special manoeuvres which were part of the collective training, and that is what it is intended to do under the present proposal.

Mr. SKEY: The hon. member for Calgary East mentioned that this brigade group which is being so thoroughly discussed was widely mentioned in the press as being the nucleus of an airborne group. May I ask the parliamentary assistant or the minister whether it is the intention to make this group into an airborne mobile group?

Mr. LAPOINTE: I am informed it is proposed that this group might be trained in airborne operations, and to that end an establishment is being created to permit of possible training in that line.

Mr. SKEY: How does the parliamentary assistant propose to transport this group in airborne operations?

Mr. LAPOINTE: I understand the establishment proposes to have a joint training scheme with the R.C.A.F. in Carberry, Manitoba.

Mr. SKEY: That is the answer I expected and the one which, as a matter of fact, I had been seeking.

Mr. LAPOINTE: Why did you not ask right away? We would tell you.

Mr. SKEY: It might interest the parliamentary assistant to the Minister of National Defence to know that it requires at least six squadrons of thirty transport aircraft to transport a group of 5,400 men, and that the R.C.A.F. at the present time proposes to have only two squadrons of transport aircraft of a much lesser number than the thirty with which they operated during the war. Therefore all I wish to say is that it is farcial for the Canadian army to develop an airborne group which the Canadian air force cannot carry.

Mr. LAPOINTE: I think the hon. member wants to be fair. I told him it was intended to train that brigade group as an airborne group. I believe that for purposes of training it is not quite necessary to have the squadrons to which my hon. friend refers. I quite agree that if this group were called upon to go into action as an airborne group, possibly he would be quite right. But I only said the group would be trained. I am informed that adequate facilities exist to carry out that training.

[Mr. Lapointe.]

Mr. HARKNESS: While we are talking about a brigade group, I should like to ask another question. I was wondering if the parliamentary assistant could translate his delightfully vague statement, the fact that this brigade group will be drawn together for training, into a definite and specific statement as to when it will be drawn together, and if it will then stay together.

Mr. LAPOINTE: It is proposed that the group will be brought together summer and winter, and I believe the present localities being considered for such are Wainwright and Borden.

Mr. HARKNESS: Does the parliamentary assistant mean this coming winter?

Mr. LAPOINTE: It will be necessary to get the group together first.

Mr. ARCHIBALD: Last session we were slowly winding up the estimates for world war II. These estimates now coming down may very well be the first estimates for world war III. We here this evening are discussing estimates from the point of view of national defence. In other words, a majority in parliament has accepted the principle that national defence is necessary. According to the estimates, we are to get a few more tanks, a few more planes and a few more ships; and we are calling that national defence.

Mark you, this is costing the taxpayers of Canada a great deal of money. But I would look at it from this point of view: Is it national defence, in the light of modern technology? I have before me a clipping from the New York *Times* magazine of June 23, 1946. This article is by Albert Einstein and states:

> Being an ingenious people, Americans find it hard to believe there is no foreseeable defence against atomic bombs. But this is a basic fact. Scientists do not even know of any field which promises us any hope of adequate defence. The military-minded cling to old methods of thinking—

How true!

> —and one army department has been surveying possibilities of going underground, and in war time placing factories in places like Mammoth cave. Others speak of dispersing our population centres into "linear" or "ribbon" cities.
>
> Reasonable men with these new facts to consider refuse to contemplate a future in which our culture would attempt to survive in ribbons or in underground tombs. Neither is there reassurance in proposals to keep a hundred thousand men alert along the coasts scanning the sky with radar. There is no radar defence against the V-2, and should a "defence" be developed after years of research, it is not humanly possible for any defence to be perfect. Should one rocket with atomic warhead strike Minneapolis, that city would look almost exactly

like Nagasaki. Rifle bullets kill men, but atomic bombs kill cities. A tank is a defence against a bullet but there is no defence in science against the weapon which can destroy civilization.

Further to that line of argument I have here a heading from an article appearing in the *Saturday Evening Post,* of July 13, 1946. The heading states: "Your flesh should creep." The article is by Joseph and Stewart Alsop, and the head note is as follows:

Did our national safety die at Hiroshima? Can we protect the country against atomic warfare? Experts of the general staff, after calmly studying frightful possibilities, see no military defence—and only one hope. Here are the facts —cold turkey.

In the light of that, I submit that the setting up of a few more tanks or a few more aeroplanes is useless. What you are seeing to-day is the atomic bomb brought into actual warfare. Yet in your selfishness, your fright of modern planning in society, your fear of giving up your little pieces of private property, you are going to wait until the crisis develops; then we shall be catapulted into the war, and the military will take over and do the planning. Democracy will not be allowed to work to bring in a planned order of society.

When that day comes the civilian population will take the rap, and where will your army be? It will be away out somewhere with all the cities and communications cut out behind it. I rather pity the Minister of National Defence in this day and age when he comes to the House of Commons with a defence scheme such as this. It reminds me of the English comedian who describes Harold at the battle of Hastings, when he said, "There sat 'arold, on his 'orse, with 'is eye full of arrer, and 'is axe in 'is 'and." What we are doing has just about as much application to our modern scientific age.

If this nation is to survive this period of war and strife—and seemingly capitalism does produce wars—there is still hope of raising democracy among the people of the world, so that they will be able to stop it in time. But if they do not, we shall get well paid for it. A planned society would plan our cities and plan our life, and we have yet time to do it.

Mr. MACKENZIE: Just as in Russia.

Mr. ARCHIBALD: That in itself would set the pattern for the rest of the world to follow, because there are other things which stem from a planned society. World trade takes a definite pattern when you operate in a planned society, as we did during the war. We would not be going out trying to cut the other fellow's throat; we would be back on the old lend-lease principle that we had during the war when we were trying to survive, a principle of trade under which we went out to help the other fellow as well as to help ourselves, rather than try to beat the other fellow to it. We know we can expect a depression or a falling off in trade, a struggle for world markets, and so on. Let us not kid ourselves. In the international markets of the world there are two systems competing with each other. There is the barter or bulk sales system, wherein the total state trades with the other states, and there is the method of laissez-faire.

The planned order at the present time has not the majority of governments on its side. But remember this, that it is winning victories among the people. In the backward countries of the world our society has a tendency too often to stay with the old landlord, money-lending classes in those countries. And the revolutionary psychology that comes in and says, "We will redistribute the land among the people", is the one trend influencing the people, with the result that we are losing them.

When we go out to try to establish business relationships we have to use armed force in order to establish trade among those populations. Here on the home front we consider labour as a cost factor in production. Remember this, that the day war breaks out this time it will be a different set of circumstances. I think it was Hegel, the German philosopher, who said that history repeats itself twice, first as a tragedy and then as a farce. We have had two world wars; look out for the third.

Keyserlingk, who is the managing director of British United Press, points out in an article that there is a boundaryless conflict going on between the communal method of living and the individual method of living. If you want to establish a society in which you can get the support of the people you will have to deal out a great deal more justice at the present time than you are doing. Your total war will not just take on national proportions; it will split society right down the middle, on an international plane, and you will have a class war on your hands. However, if people of good will control any such organization as the united nations we shall not face that catastrophe. But let us not insult our intelligence by calling this national defence.

Mr. MACKENZIE: I have listened with interest and some amusement to the doctrines of the hon. member for Skeena, which are nothing but indoctrinated communism. It is all very well to speak in Canada of a planned society. There has been much done by various administrations toward certain measures for a planned society, but Canada is never going to stand for a system of government

that will drive us into a brutal system of communistic control. We still believe in Canada in a measure of freedom and free enterprise, combined in certain cases, of course, with a measure of control by the orderly processes of government. But as one to whom Canada has been very kind, and as one who has benefited from the orderly processes of democracy in this free and generous land, I must repudiate with all the strength at my command such dangerous doctrines as those just enunciated to this parliament by the hon. member for Skeena.

Mr. LENNARD: Several weeks ago the minister said that he would welcome any suggestions that would curtail spending either by the government or by the Department of National Defence. I therefore draw his attention to the Canadian inspection board.

On April 1 of this year the United Kingdom and Canada inspection board ceased to exist, and from then on it carried on as it does now under the name of the Canadian inspection board. From April 1 to July 1 that inspection board cost this country over $600,000. At that rate it will cost Canada this year over $2,500,000.

On that board, as of July 1, 1946, there was a personnel of 1,180, made up of civilian employees, hourly paid, 275; civilian employees, salary paid, 865; seconded service personnel, 36; on loan, not paid by Canada, United Kingdom staff, four. Of that seconded service personnel twenty-six from the army—one major-general, one colonel, five lieutenant-colonels, nine majors, nine captains and one lieutenant. How that one lieutenant got in there I do not know.

An hon. MEMBER: He had to do all the work.

Mr. ABBOTT: He must have been a Liberal.

Mr. LENNARD: Besides those, there were air force and navy personnel to bring the total of seconded staff to thirty-six. The breakdown of pay and allowances shows that the pay and allowances for this year increased from $53,688 to $212,000, or an increase of $158,312. My thought is that apparently up to April 1, the United Kingdom were paying the greater part of the shot, but now that the Canadian authorities have taken over, they have reduced the personnel considerably, and those seconded from the army, navy and air force have been reduced in numbers, so that there should be no need for this great increase in pay and allowances.

In addition, this board maintains expensive offices in Ottawa, Montreal, Toronto and perhaps elsewhere. The board maintains also a laboratory for research work, in spite of the fact that the government has already a research council to do such work.

I come to one branch of this inspection service, that dealing with leather inspection. What leather have they to inspect to-day other than boots? We have no mounted regiments. They were all mechanized during the war. Nor have I heard of any leather upholstery being put in tanks, and even if it were, we are not building any tanks to-day. So that brings us down to boots. I would imagine that we have enough boots in defence stores to-day to last any one of the permanent force services for years to come. I suggest that the present inspection staff in the leather branch are on enforced vacation. In Toronto —and I presume the situation is the same in Montreal and other inspectional centres—the staff appear at the office in the morning and, if there is nothing to do, they are told to get out, go home, fade away. That is happening day after day. I urge the minister to go through this inspectional board from top to bottom, and I am sure that, if he does so, he will be able to save this country one million dollars without in any way impairing the efficiency of the organization.

Mr. LAPOINTE: Perhaps I might be permitted to say a word in answer to the hon. member for Wentworth. The staff of the inspection board has been considerably decreased. I wish to assure the hon. gentleman that that matter is still under review and that further decreases will take place.

As regard the officers of the army and R.C.A.F. who, during the period of the war, were seconded to the inspection board, that matter again is at present being reviewed. If their work is necessary on the board it is proposed that the organization will absorb them and they will cease to be seconded from one of the services.

In a consideration of the requirements for inspection during peace time, it must be borne in mind that the inspection organization was an integral part of our war production scheme. However, the extent of its activities should not be related solely to the size and requirements of the armed services, nor does the fact that these services are being considerably reduced decrease by so much the activities of the board. In the assignment of duties to the inspection board this has been taken into consideration. But another factor which has been considered is the coordination of inspection facilities with other government departments. Furthermore, in addition to its normal direct inspections, the board is also required to carry

out such development or trial and test work as it may be expedient to allot to it. I can assure the hon. member that such research work—it may be laboratory work—which may be done by the board is not such as is duplicated in the other research establishments, under either the army or national research, but that in fact the creation of the defence research and development sub-department of national defence has in mind the coordination of the research work in order not to permit such duplication to take place.

Mr. LENNARD: May I refer the parliamentary assistant to the fact that for the item in connection with machine guns, rifles, et cetera there is no amount required this year, and also that many of these proving grounds where shells and armaments were inspected have been closed down.

Mr. ABBOTT: There is not any item this year for that.

Mr. LENNARD: I said that, but I am just answering the parliamentary assistant.

Mr. MacINNIS: It was not my intention to say anything here, but I am not going to let the Minister of Veterans Affairs get away with calling "communism" when confronted with arguments that he cannot answer. I happen to know the hon. member for Skeena well. I know the hon. member is not a communist, and it is not communism to warn this house that we are living in the age of the atomic bomb; it is not communism to urge that we make full use of the united nations; it is not communism to urge this house that we should plan our affairs so that we shall avoid some of the disasters of the kind we have got into in the past. None of these things is communism.

The Minister of Veterans Affairs says that he is one of those people to whom this democracy has been very good. I, too, am one of those people to whom this democracy has been very good. But there are people in this country to whom this democracy has not been good. That is not necessarily the fault of democracy. There are two kinds of people to be feared: those whom a system has treated too well, and those whom a system has treated badly. One will try to keep a bad system which has been good to them, and the others will try to overthrow a good system which has not been good to them. It is between these two that we have, as intelligent human beings, to try to steer a moderate course. This term "communism" can be used so easily and so flippantly without any meaning. Just about a year ago no less a man than Winston Churchill was calling such a man as Clement Attlee, the present Prime Minister of Great Britain, a communist, also Herbert Morrison, Ernest Bevin and those other men who to-day are doing yeoman work in the interest of democracy. Intelligent men should speak in intelligent terms at a time as serious as the one in which we are now living.

Mr. MERRITT: I want to ask the minister a very short question; will he say for what purpose Canada's post-war defence forces are being designed; to fulfil what purpose?

Mr. ABBOTT: Yes, I can answer that very easily. Canada's post-war defence forces are designed to provide, first, a representative group of all arms of the services. We need them now as a permanent professional trained army. In addition they are to provide a force to train the citizen army, the non-permanent active militia, the reserve army—whatever you want to call it—which has been the basis of Canada's fighting force in two wars and would be the basis of our force in any war we fight in the future, assuming we fight a war with an army, which I take it we would. The purpose of this relatively small force is to provide a small but highly trained and skilled professional force which can be expanded in time of war, primarily to train the citizen soldiers who would have to fight that war. That is about as briefly as I can put it.

Mr. MERRITT: Then, I understand, the permanent force is designed for training purposes only and not for the defence of Canada or for an overseas commitment. Is that a correct statement?

Mr. ABBOTT: Well, if—which may God forbid—we should get into a war in the next two or three years they would be available to the extent of their numbers, but obviously a force of eight or nine thousand troops together with training cadres and administrative personnel would not have any perceptible effect in any war that we can contemplate. So that I think we must look upon our permanent force as a small, highly trained unit to perform the functions which I have mentioned. Obviously, if our commitments under the united nations call for something more than appears to be now indicated we may have to reconsider our plans, but I think it is fair to say that we should try to make our policy as flexible as possible in order to meet changed conditions with respect to the type of armed forces that are needed, with respect to new weapons, or whatever it may be. There is nothing static about the thing. I do not think I can answer my hon. friend's question more directly.

Mr. MERRITT: The minister in answering my question need not have any heat in his voice.

Mr. ABBOTT: I did not intend to put any heat into it.

Mr. MERRITT: My question was directed, entirely without any guile, to get some information which was not in any of the press releases.

Mr. ABBOTT: I did not intend any heat; I may have been a little more forcible than was required.

Mr. MERRITT: Then I suggest to the committee that the minister's answer leaves open, as I thought it would, the whole question of the defence of Canada, and that we should not consider that these forces are in any way adequate or even designed to defend Canada in case her borders were attacked.

I want now to go on to another question. I have here two reports, dated May 17, with respect to proposed standardization of equipment with the United States, and in these press reports it is stated from "official circles" that a programme is under discussion between the Canadian government and the United States government for the standardization of equipment of the armies of the two countries and for coordination of training methods and military organization and a joint erection and staffing of defence and weather stations in the continental arctic zones. Would the minister make a statement as to whether or not there is any truth in this report, and if there is, what progress has been made toward such standardization?

Mr. ABBOTT: I do not know that I have seen the particular report to which my hon. friend refers. I know there have been a number of reports relating to the standardization of equipment between our armed forces and those of the United States and also those of the United Kingdom, and I know there was a group of officers and civilians from the United Kingdom out here some months ago who were looking over the field. I am sure there have been no definite decisions taken as to standardization of equipment. As I think I have said on other occasions, it is an end which we in Canada are extremely keen on; we should like to see it.

Mr. MERRITT: It is most desirable.

Mr. ABBOTT: It is most desirable. We should like to see, so far as it may be practicable, standardization of equipment between our forces, those of our neighbour to the south, and those of the other members of the commonwealth. Naturally, as a junior partner we are not in a position to initiate such a move, but we can do everything in our power to encourage it, and that is what we intended to do. Considerable headway has been made along those lines. I cannot conceive of any war we would be fighting in which Canada, the United Kingdom and the United States would be fighting on opposite sides, and therefore it is pretty self-evident that we all have an interest in standardizing equipment as far as possible in order that the industrial potential of our countries can be available one to another.

Mr. MERRITT: I entirely agree, of course, with the policy of standardization, but I should like the minister to tell the committee if he can, what is in the mind of the government as to high policy in this connection. Is it proposed to standardize on a commonwealth-United States basis or upon a Canada-United States basis, or would both methods be used? Is there any decision on the policy level with respect to that?

Mr. ABBOTT: I do not know that I can add very much to what I have already said. Both the United States and the United Kingdom are studying the matter now and we are studying it with them. There is nothing I can add to that.

Mr. MERRITT: My next question relates to the Canada-United States defence board. I understand that we have a military mission in Washington, a considerable establishment in London, and of course we have our own chief of staff here. In addition, there is the United States-Canada joint defence board which was set up during the war. Would the minister state how that board fits into the other activities which presumably are carried on separately from the actual board itself; that is, the activities of the mission in Washington and C.M.H.Q. and the more normal forms of liaison between countries?

Mr. ABBOTT: I will see if I can answer that, not in complete detail but in broad general terms. Canadian military headquarters in London is purely a wartime organization which is being rapidly run down and should be pretty well cleaned up by the end of the year. Just what our permanent arrangements will be in London, I am not yet in a position to say. Normal arrangements, as my hon. friend knows, with other countries are to have our military attachés with the embassy or diplomatic mission. They would ordinarily look after our military interests in a foreign country. In the United Kingdom the military staff would ordinarily be attached to the high commissioner's office. In the United

States, in Washington, since some time early in the war, we have maintained a joint staff mission which has had representatives of the three services. That has been in addition to the ordinary military attaché staff at our embassy in Washington. It is proposed to continue that mission for a time at any rate, because it was found extremely useful during the war. It can handle matters rather more easily than can be done through the usual diplomatic channels. Just what the final size of the joint staff mission in Washington will be, I am not yet in a position to say. It is, however, being substantially reduced from what it was during the war. My idea would be that if it is continued as a permanent feature we should have one top man, a senior officer who might alternate between the three different services. At one time we might have a senior officer from the army, and then from the navy and then from the air force, with appropriate subordinates in the other services. The permanent joint board, as the committee knows, was set up on August 17, 1940, in order to advise the respective governments with regard to joint plans for the defence of this continent. It was created, as its name implies, to be a permanent joint board of defence, following a discussion between the late President Roosevelt and the Prime Minister (Mr. King), and the thought would be that it will continue as a permanent instrument for an exchange of views between the two countries, to advise the respective governments with respect to the defence of this continent. It is an advisory body pure and simple; it does not determine matters of policy. It is composed of men who have experience in military matters, experts in that line, capable of advising their respective governments, but it is not a policy-making body. From my own limited experience it seems to me it has performed a useful and necessary function and I would hope, and I believe, it will continue to do so in the future.

Mr. MERRITT: I wish now to turn to an entirely different subject, and that is the question of the non-permanent militia or rather the reserve army. Any information I have is to the effect that the reserve army is not getting men at the present time and that it is becoming very difficult for some units to keep up any kind of interest or esprit de corps with a slate of officers and practically no men. It appears to me—and that was really why I asked the original question as to the future purpose of the armed forces of Canada, what purpose they were designed to fulfil—that the most important thing the minister could do to help the reserve army come up to strength, apart from what I asked him to do this afternoon about going around drumming up some recruits for us, would be to make an over-all and public statement as to the role of Canada's reserve army in the future years.

The hon. member for Nanaimo pointed out this afternoon how that role might quite easily have changed from one of a force which would provide an overseas striking force to a force designed to defend the confines of our own country against an aggressor. It is my view that the hon. member for Nanaimo is very likely right and that is the real role of our reserve army, which the minister properly said is our chief bulwark of defence. It seems to me that if that statement were made it would have a very good effect in bringing men to join up in the reserve army. But so long as they do not know exactly why they are in the force, or are invited to join it, and so long as no one has asked them in Canada's name so to do, I feel that we may easily go along as we did in the first ten years after the last war.

I well remember joining the militia myself in 1929, and I like to think we were a fairly good unit. Yet there was a total of thirty men in the company to which I was posted, of whom fifteen men paraded, and that was ten years after the war. We increased that very much indeed in the next ten years when these young Canadians had a consciousness that there was a job ahead of them. I am quite sure that statement of the basic purpose of the reserve army and of the training policy which would be followed would do wonders to build up the kind of reserve army of which the keen officers who have taken up reserve army duty are thinking.

Assuming that by his one-man recruiting campaign and statement of policy the minister recruits these men, how are we to keep them in the militia? I have had considerable experience with that, a very happy experience in one way and an unhappy one in the other. It was a happy experience in the chaps I met, even though they were few, and the mutual interest we had in our unit, and a very unhappy one in the support given by the government to the effort which was being made by the officers and men in the reserve army.

What we needed more than anything else was, of course, the sinews of war, the money To keep a man in the reserve army you must pay him. He must have his pay. Before the war, as the minister knows, we just handed it over to the regimental fund to pay for the light in the armoury on the extra night in the week that we paraded. We were allowed to put on our lights one night in the week. If we wanted to use them for two nights the

men put up their pay for it and for other barrack purposes. I think it might be a good idea, if it could be arranged, that men training in the reserve army be paid a day's pay for each parade, and be paid perhaps more frequently than the way we got it before the war, which was once a year. Of course we never saw it; the exceptional time we did see it we blew it in all at once. It would be a great advantage to the men to know they would get that cash periodically. It would be a splendid way of helping the officers to keep the turnout on parade up to scratch during the training season.

Mr. MACKENZIE: It cost every officer lots of money in the old militia days.

Mr. MERRITT: The minister is indeed right; it cost every officer a considerable sum out of his own pocket. I was not making much money and therefore I did not pay much out, but I paid out much more than I could afford.

The next important thing is to provide the men with training equipment. In an infantry battalion before the war we had six Lewis guns. The rifles, such as we had, were not allowed out of the armoury. They were filled up with grease. No man could ever learn how to look after his rifle because he was not allowed to look after it. Further than that, there were not enough to go round. We have now all sorts of much more modern training equipment. I hold in my hand a newspaper clipping. I follow the minister from Cornwall to Ottawa and to the other places where he gives these press releases.

Mr. ABBOTT: It was a speech I made at Cornwall, not a press release.

Mr. MERRITT: It suggested that only fifty per cent of the reserve army will be recruited and that apparently equipment will be provided for only fifty per cent in the case of the infantry; and in the case of the artillery and armoured regiments only thirty-three per cent of the equipment will be provided. I take it, from the fact that we are having only fifty per cent of the men, that they will get only thirty-three per cent of the fifty per cent.

Mr. ABBOTT: What is my hon. friend quoting from?

Mr. MERRITT: I am quoting from an Ottawa press release dated April 16. If I am not making myself clear I shall read it. It says:

> About 50 per cent of the reserve force will be recruited so equipment will be provided for 90,000 troops during the initial period of organization.
>
> The reserve force infantry will be armed with 100 per cent of its equipment; the artillery and motors 33⅓ per cent; field and medium artillery, 50 per cent; anti-aircraft artillery, 25 per cent; armoured fighting vehicles, a small scale of tanks and self-propelled guns.

I suggest to the minister that this year, if ever, is the time for a more generous scale of equipment for training purposes to be provided to these units. I think he knows and I know that when we get rid of the demobilization vote in these estimates there will not be as much money available for the armed forces as there is this year. It seems to me that when you take into consideration wear and tear and breakages in training the thing to insist on for the reserve army is a much higher percentage of equipment than thirty-three per cent of fifty per cent. I assure the minister that in a reserve army the presence of training equipment is the thing that makes the training go. When you are doing it as regular soldiers you cannot improvise and imagine everything, and with a Monday-night soldier it becomes altogether too difficult. If you do not have the equipment the simple answer is that you do not train in that particular arm. The probability is that the battalion does ceremonial drill where you otherwise might be doing training on one of the weapons.

The next suggestion I wish to make is that the time element is important in the training of a militia unit. You have two or three hours one night a week in which to do all your training. In that time you must have an inspection and roll-call and do a certain amount of administrative work. In the cities the armouries are downtown and the facilities for training outside the four walls of the armoury are indeed limited. I suggest to the minister that, as an aid to the training of the reserve army and to make the training more interesting there should be in each city certainly, and possibly in many towns, a troop-carrying company R.C.A.S.C., as a permanent part of the active or reserve army, which would be available to lift the unit which wants to go out of its armoury to train in the field. Thus it could do so in its training time and not be forced by lack of mobility to sit around in the armoury. I am sure that the men would respond and find their parades much more interesting and useful to them if they could take advantage of the outdoors to get some of their training and not have to wait, as they did before the war, until the summer camps to do their outdoor training. They never had a chance to do it at all in the winter.

The last matter that I want to bring to the attention of the minister has also to do

with keeping the men interested in the reserve army. I refer particularly to another means of transportation, namely boots. Before the war we had a very difficult experience with our boots. In depression times the men were wearing out shoe leather. We went to our camps in low shoes and all sorts of absolutely ill-suited footwear. It was a great tribute to the men that they ever managed to last out one of these camps with the kind of thing that they had on their feet. There was no free issue of boots by the Department of National Defence. I ask the minister not to hesitate to give a pair of boots to a man who joins the militia. The officers will look after getting his kit in if he tries to run away with them and does not attend parades. They have always done that with his other kit; and a free issue of boots with no reservation would be a wonderful thing for the reserve army.

Mr. MACKENZIE: May I interrupt my hon. friend to say that I commenced that policy before the war, the free issue of boots.

Mr. ADAMSON: Did you ever get them?

Mr. MACKENZIE: Yes.

Mr. ADAMSON: On repayment?

Mr. MACKENZIE: No.

Mr. MERRITT: I have no recollection of it.

Mr. MACKENZIE: I think it was in 1938.

Mr. MERRITT: I am afraid it was not started quite early enough to come within my experience. This business of boots is a very homely subject, but there is nothing more important to a reserve army soldier. I want to conclude by telling the minister of the difficulties we had in the first three months after mobilization. Because there were no boots for the militia there were no boots for the active army. The particular battalion of which I was a member went overseas in December, 1939, and of course we had trained from September 1. We got our battle dress and our boots about one week before we went overseas. In the meantime we had to excuse men from parade, men who were keen and wanted to parade, because they were literally walking around in their bare feet, with only the uppers of their boots still in working order; and none were available from ordnance stores. Of course that is another reason why the reserve army should have boots during peace time.

Just to sum up, I am certain the minister will get a fine reserve army, which he has not now because he has not the men coming in, if he declares the purpose and policy of the reserve army and provides pay, training equipment, transport and boots. If he just looks after those five things I think he will have very great success; if he does not I am sure he will not.

Mr. ABBOTT: I want to thank the hon. member for Vancouver-Burrard for what he has said about the reserve army; and I thank him also for the suggestions he has made, all of which are most definitely constructive. With him, I do not think we can over emphasize the important role the reserve army, the non-permanent active militia, plays in the military set-up of Canada. As I said a little earlier, it has been the backbone of our fighting force in two wars, and I cannot contemplate any future war in which it would not carry out a similar role. The young men, officers and other ranks, who give of their time and energy in training with the reserve army are rendering a real form of public service. I am glad he has brought that point forward, because it enables me to add emphasis to what has already been said.

We are going to try to make service in the reserve army more attractive than it was before the war. Rates of pay will be the same as those for the active force which, as the committee knows, have been increased. We now have available ample supplies of what to-day is modern equipment. It may not be modern a year or two years or three years from now, but it is modern to-day. We are not so fortunate with respect to accommodation. I realize that in a great many centres there are not suitable quarters for reserve army units, and it is difficult to ask men to turn out and train when they are not furnished with the proper surroundings in which to do so. At the moment we cannot do very much about that, because with the existing shortage of labour and materials it just is not possible to do very much to add to existing facilities in that respect. That handicaps us, too, on this question of equipment. One of our most serious difficulties to-day is to provide suitable storage space for the very large quantity of mechanized and motorized equipment used in a modern unit; and we have that difficulty all over the country. That is one reason, among others, why it is not possible to issue full equipment according to the establishment for all reserve army units, because in a great many cases there is simply no place to store it.

I do not know that I can comment in detail on the other points raised by my hon. friend. As I say, I think all the suggestions he has made are decidedly of a constructive

nature, and I can assure him they will be given careful consideration both by myself and by the officers of my department.

Mr. MUTCH: I am not so unwise as to attempt, in the presence of so many distinguished soldiers, to discuss the technical aspects of a defence force. But I do consider myself competent to say a few words about the problems relating to personnel; and on that account I am grateful to the honourable and gallant member who has just spoken for bringing the discussion back from the stratosphere to the man who wears the boots. In what the hon. member said to the minister he wisely emphasized the importance of maintaining interest and esprit de corps in the army which he called the Monday-night army. We used to call it the Friday-night army; but it is the same army, the chaps who come out once a week.

At the moment it is true, as it was true after the last war and as it will be for some little time yet, that much of the glamour is gone from the uniform, so far as those who have seen actual service and those who are older members are concerned. But if the scheme which has been outlined is to succeed in the future we shall depend eventually, and very quickly, upon the chaps who are now fourteen or fifteen years of age, in whom we must develop an interest in the non-permanent militia, or whatever it may be called, so that they will seek to join it. Those who have had some experience will realize the importance of boots, the importance of being properly shod. Those who have had the experience of being improperly shod will never forget it. In my judgment it is absolutely true that it is necessary to offer the young fellows of this generation, as it would have been wise with a previous generation, the inducement of pay to make it possible and profitable for them to sacrifice their leisure time in training.

There is, however, something else. I do not think it is any accident, and certainly the fact has some significance for me—I believe it is a fact—that the first or second regiment to be mobilized in each district at the outbreak of war was a kilted regiment. When the Minister of Veterans Affairs rose to take part in this discussion this evening I thought, "Here it comes," but he got off on another tack and did not mention one of the most important morale building features of the army. A little later another Scotsman, the hon. member for Vancouver East, took part in the discussion. Again I thought, "Here it comes," but he too forsook the argument I am about to make and with which I am sure both those hon. gentlemen will heartily agree. I refer, of course, to the restoration of the kilt. For centuries almost, the British army, under the influence of the Irish or sometimes of the Sassenach himself, attempted to abolish the kilt. It is true that during a period of the war they did succeed in getting the soldiers into these battle rompers for purposes of uniformity and for other well established reasons. At this moment I am not going to say anything about the use of battle dress under service conditions, but certainly there is no condition of training which will equal or supersede the experiences which members of the kilted regiments, not only in the British isles but in this country, have been able to endure. If you are to attract the youth of the country into the permanent forces as well as the non-permanent forces you must make the conditions of service attractive.

Something was said about the kilt this afternoon, and I was reminded of a circumstance in connection with one of the kilted regiments in the city from which the minister himself comes. I was there at the time; I know something about it. It was almost impossible for a Canadian of Scottish descent to get into that regiment, because there was a line-up of volunteers blocks long, composed of French-Canadians, Irishmen, and compatriots of that gallant Scotsman from Windsor who now represents Spadina in this house. The popularity of the kilt is beyond question. If anyone needs any further indication of that I would refer him to the record of the regiment whose uniform I have had the honour of wearing, although I never had an opportunity to fight with them. When they lost the kilt in Canada, and were put in what they used to call battle rompers, and were sent to England, the first thing that the rank and file of the regiment did when they got to England was to buy out of their store of money which, as everyone knows, was none too plentiful, sometimes at outrageous prices, a kilt, to wear when they went on their first leave.

There is something about the kilt which appeals to those with Scottish blood in their veins, which others profess to laugh at, which most admire, and which nearly everyone tries to crawl into whenever Highland regiments are open for enlistments.

I spoke about this matter at the close of the last session, when the minister said to me—very graciously, I thought, but not very satisfactorily—that the Highland regiments would be permitted to wear the kilt when they were walking out. Since when has the descendant of a highlander, or anyone acting in his name, been "permitted" to wear the kilt?

I do not make these remarks with any intention of being flippant or of amusing the com-

mittee, but rather to discuss a point which has been brought to my attention by representatives from a considerable number of kilted regiments in Canada. I think I can promise the minister prolonged, serious, repeated, possibly I should say endless raids on his time and patience until there is some recognition of the desire of Canadian youth, whether they be of Scottish descent or not, to wear what is traditionally the costume of fighting men.

I think one of the things that happened in Canada was that when we dismounted the cavalry we remounted too many of them on swivel chairs in various positions of authority. While I admit the distinction with which they served—and without spurs, in those places—I think they lost something of their appreciation for the traditional garment of fighting men.

Therefore I am not happy about the suggestion which has been made that they are going to continue to issue the kilt to the bands, and to permit the officers and other ranks to wear it while walking out. I know, from my experience and observation in the past, which of the cadet corps in the various centres were the most quickly brought up to strength. I know which regiments were, leaders in most of the districts of Canada, in the period immediately preceding the war. I know the ones which were high in their rating of proficiency, partly because they often had the greatest numbers. The reason they had those members was not unconnected with the historical privilege of wearing the kilt.

To the minister and his parliamentary assistant I would say that this is a warning of things to come. This matter will come up again and again and again, until you take those battle trousers away from the Highland regiments in Canada, and begin again to issue traditional dress. I speak, not threateningly, but as a promise. With all his undoubted ability and popularity, I am quite sure that the present minister or whoever may eventually succeed him will not succeed in downing this request.

There is one other matter which I think is important to training; perhaps I should say there are two things. The first is to sustain interest. One of the things which killed interest in nearly every non-permanent militia regiment or battery, or whatever it was, in the time between the two wars, was the lack of material with which to work, and a lack of changing and constantly modernized manuals of training. It did not take the bright lad who was interested in his unit very long to learn as much or more than his instructor, when the only things taught were those which were in the book. Consequently I point out the importance and the urgency of a constantly changing manual of training.

That leads to the other point, namely a constantly alert and constantly brought up to date instructional cadre. We have laid a great deal of emphasis upon formal education, sometimes unfortunately upon social connections, in the selection of officers and, in fact, the selection of rank and file in the permanent service. Someone has suggested that we have set the educational standards too high. I do not know whether that is so or not. They are idealistic. I should think that if we are to get the numbers we want we may have to reduce them to some extent. But there is one place I hope the minister will not reduce the requirements; that is, in this cadre. If we are to make of casual training something with a continuing interest—and reserve army training has to be casual—we must have good instructors. At the non-commissioned level we should have boy leader types, scout leader types, with instructional ability. I may be setting a high standard, but when a young soldier reaches the point where, with justification, he knows that he knows the score as well as the man whose official position it is to teach him, he may become dissatisfied, lose interest and quit. So that we must provide men who can keep ahead of these lads, or we will lose the interest of those who are there to learn. When you lose their interest, you lose them.

Mr. CRUICKSHANK: I will not take long, because I have not worn the kilt since I was nine years of age. I agree with what the previous speaker has said. We must not curtail the length of the kilt. After having listened for what seemed like about an hour and a half I wish to tell the minister through you, Mr. Chairman, that if he follows out and models his future army after the 29th battalion, which won the last war, he will have sufficient reserves to carry him along.

Mr. COCKERAM: Mr. Chairman—

Mr. MACKENZIE: Here come the Irish.

Mr. COCKERAM: I have been informed that in speaking this afternoon the minister made some reference to my calling senior officers at headquarters brass hats. If he will read the speech I made in the house recently he will find that I did nothing of the kind. If he will look at the remarks I made last fall he will see that I had a good word to say for them.

However, my reason for bringing up the question of officers and senior officers was that in my opinion there was a surplus of senior

officers in the services. I think it is the duty of the minister at this time to curtail expenditures and to get down to normalcy as soon as possible.

Something has been said regarding commands. Five new commands have been set up. There are eleven district commands, and another one has recently been established at Whitehorse. It is my opinion that since parliament is going to vote money to have a permanent force and interim army of 25,000 officers and men, we shall find that a great proportion of them, instead of training in the field, will be carrying on jobs in offices, with the result that the actual training force will be limited.

I should like to speak with respect to some aspects of training. I was at Whitehorse recently, and I found that the Royal Canadian Air Force signals had taken over the signal services from the United States army, whereas the Royal Canadian Corps of Signals had, during the years prior to the war and during the war, carried on the signals services in the northwest, and had given good service to the people of that community. If there is to be a signal service in the northwest it should be run by one of the services. You can go right down the line and find duplication of services all along. One thing the minister should set himself to do is to cut out duplication wherever it exists. For example, are there to be headquarters for the three services in the city of Toronto, M.D.2, and the same throughout Canada? If so, it means that we shall have thirty-three district officers commanding the three services throughout Canada and a corresponding number of headquarters. It does seem to me—and I am sure that the hon. member for Nanaimo must have brought this up—that the commands are likely to get top-heavy. I should like the minister to look into that at the first opportunity.

I come now to the question of Whitehorse. I do not know what commitments Canada made regarding the maintenance of the Alaska highway. But there is a very small force of men in Whitehorse and, if that small detachment of men is to maintain the highway, it will not be long before it gets into disrepair. If we have to maintain that highway, that section of the country offers great opportunity for the training of engineers in bridge-building, roadwork and many other types of experience which they cannot get in eastern Canada. It is a great potential training ground, not so much for infantry as for the outside engineering services. I do not know what latitude is allowed to the officer commanding in Whitehorse, but I know a number of men in Whitehorse desired to get back into the service and they were told that they could not get back unless they were first sent to Calgary to take their basic training. The idea of sending them to Calgary for basic training, after they have been several years in the army, seemed to me a little stupid. I wonder whether the minister is going to carry on all these senior officers in defence headquarters as well as the districts—deputy ministers of this and that, holding the rank of major and brigadier?

Mr. ABBOTT: No deputy minister holds that rank.

Mr. COCKERAM: Every deputy minister is a brigadier, to the best of my knowledge.

Mr. ABBOTT: Not one of them.

Mr. COCKERAM: Then you must have replaced them in the last few days.

Mr. LAPOINTE: They have never held that rank.

Mr. COCKERAM: I meant deputy branch heads, not deputy ministers.

Mr. ABBOTT: No; all directors are colonels.

Mr. COCKERAM: That is fine. Would the minister give us a list of the commitments for $25,843,524 mentioned in the item? The reason I ask is that the hon. member for Wentworth brought up this evening the question of the Canadian inspection board, and I am wondering why 1,180 men should be kept on the strength of the board to look after a small number of contracts. Will the minister give us a list of the items?

Mr. ABBOTT: Answering some of my hon. friend's other points first, I know he paid a visit to Whitehorse and had an opportunity of meeting at first hand some of our personnel on the Alaska highway. In April of last year it became necessary for the Canadian government to take over the Alaska highway, the northwest staging route, the air fields on the way to Alaska and the land lines providing communication with those air fields. There was no organization capable of taking on the Alaska highway other than the Canadian army, and the army agreed to take it over. We have set up special facilities, engineering units, to do that work, which is under the direction of Brigadier Walsh, a capable permanent force engineer officer, and, by the way, a graduate of McGill, which is in his favour. The air force naturally took over the northwest staging route and the maintenance of the air fields. The land lines were the means of communication between those air fields, and the air force took them on too. That required a considerable number of technical personnel, details of which my colleague the Minister of National

Defence for Air would be in a position to give. It was no easy task for the air force to take on. They were not anxious to do it. They do not want it now and they are keen to turn it over to a civilian agency as soon as possible. The same applies to the Alaska highway, although we are glad to get experience there for our engineers.

Mr. COCKERAM: I did not suggest that the highway be turned over to a civilian agency, but that it would be a good training ground for the Royal Canadian Corps of Signals, operating in the northwest territories.

Mr. ABBOTT: The Royal Canadian Corps of Signals continues to operate in that district, but we have not the personnel to operate the specialized job of handling the land lines between the aerodromes.

As to the inspection board, I do not know whether my hon. friend was in his seat when my parliamentary assistant gave some information about the work the board is now carrying on. May I add to what he said the general statement that the staff is being reduced and will continue to be reduced just as quickly as possible. But, as the committee will appreciate, we still have some 45,000 to 50,000 men in the services and they require considerable quantities of material. There are also a considerable number of contracts outstanding on which inspection work has to be done. But I am satisfied the staff will decrease pretty rapidly.

Mr. DIEFENBAKER: I feel that this would be an opportunity under this general item to secure some information that I found some difficulty in the last few days in being able to secure. The matter has become almost an impenetrable wall of mystery. I am sure that the Minister of National Defence will be able to furnish at least a portion of the information that I have been trying to secure. It has to do with a matter that I have been asking questions about, connected with certain army rejections or medical discharges which allegedly were signed in blank by Major J. A. Elliott, A 19, R.C.A.S.C., at Camp Borden. In the return that was brought down, the answer given by the Department of National Defence was that this matter would be fully covered by the correspondence which would be brought down by the Department of Justice, and the Department of Labour furnished the same answer.

To begin at the beginning, possibly I can secure from the minister a report on any investigation that took place in the army in connection with these army rejections or medical discharges and also what disposition, if any, was made of Major Elliott as a result of the investigation.

Mr. ABBOTT: I shall have to ask my hon. friend to allow that question to stand for a few minutes because I have not the information here at the moment. I am advised that all the correspondence in the Department of National Defence was produced. I have no report here as to what happened to Major Elliott. I can probably give my hon. friend an answer a little later this evening.

Mr. ADAMSON: I want to say one thing to the minister with regard to the reserve army, or militia, or whatever name it is to go by in the future. I ask him not only to give the civilian soldiers an opportunity to have, to handle and to use the weapons which are considered modern at the present time, but, as new weapons are invented and manufactured, to allow the reserve army to have those new weapons. I say this with a particular experience in mind. A week after the fall of Dunkirk, and later, I was training with an N.P.A.M. and at Niagara camp, and we did not have any rifles which would fire. By a stroke of good fortune, the D.O.C., M.D. 2, at that time was able to get some new rifles, or at least he thought they were new; they were in their original cases; and the morale and enthusiasm of the entire battalion grew at a tremendous pace, until we opened the boxes containing those rifles and found that they were Ross rifles Mark II, or perhaps Mark III; anyway they had been declared obsolete and useless in 1917. But all the same they were "new" rifles. I have never seen anything which destroyed the morale of a unit so much. Admittedly they were new rifles, but we expected something quite different; what we got were Ross rifles made as far back as 1915, or perhaps 1914. At that time, after the fall of Dunkirk, the entire camp expected an invasion of the United Kingdom; and nothing could have damaged the morale of the troops more than the kind of weapons which we had in the year 1940.

So I say to the minister, no matter what new weapons are invented, let your civilian soldiers see them and use them. If there is another war it will be your civilian soldiers who will fight it. That has always been so in our history. We are not a country of great standing armies; we never can be; we are a country of civilian soldiers. So through you, Mr. Chairman, I ask the minister, on behalf of these civilian soldiers who train one day a week, please give them an opportunity to use the new weapons. If there is a war, they will have to fight it. Do not supply them with old Ross rifles or the weapons of the

Crimean war; give them an opportunity to use jet weapons, and, as the new science of atomics expands, let them, if possible, see the weapons it produces and use them. Do not condition your thinking as of the year 1945, when the last war ended. New weapons are being constantly invented, and it is a peculiarity of the human race that they will continue to be invented and will become more deadly and devastating as time goes on. Let your civilian army see these weapons and train with them.

Do not treat your reserve army as something that goes to camp for a holiday for two weeks in every year. Do not treat the camp as a social attribute or a social function. Your reserve army in the next war will require to be far more efficient than it has ever been before, and the men of the reserve army must have a degree of knowledge of modern weapons, the weapons which may be produced in 1948, 1949, 1950. You cannot all of a sudden start to teach them the use of jet weapons if they have had nothing but impulse weapons to train with. I suggest through you, Mr. Chairman, that unless that is done the training of the reserve army will be largely wasted.

The science of warfare is moving at a constantly accelerated pace. We cannot afford to take another chance. If there should be a third world war we shall not have months, perhaps not even weeks, to prepare. Your civilian army must be trained; it must be keen; it must know the weapons or the prototypes of the weapons with which they will have to do the fighting. I ask the Minister of National Defence not to allow the reserve army of the next few years to degenerate,—I will not say "degenerate", but "deteriorate"—because there was nothing degenerate in the old N.P.A.M.; it was a fine force, but it did not have weapons. Nor did it have boots; at least my battalion did not have boots. We helped to provide them with boots, and for years the officers paid money to take them to camp. Do not ever let us get into that state again. Let us never again lower the guard of this country, for the enemy will be more vicious than man; the weapons will be more terrible than any we have yet seen. I say through you, Mr. Chairman, to the minister and to his staff, particularly the director of military training, keep up your training of the reserve army; give them modern weapons; see to it that they are kept keen, and also see to it that being a member of the reserve army is not a social function but a patriotic job, a job as indispensable to the safeguarding and security of this country as the highest of our democractic processes.

Mr. HARKNESS: There is a matter in connection with the selection of officers for the permanent army on which I should like to ask the minister a few questions. My information, as well as my experience, is that a certain amount of dissatisfaction exists among men who served overseas as officers, and there is a widespread feeling among them that there have been appointed as officers in the permanent army a considerable number of men who had no service except in Canada or in England; in other words, that quite a number of officers of the permanent army are men who had no actual battle experience and did no fighting. They have been appointed to the detriment of men who actually did fight overseas. I took up with the minister two cases which he will remember. Both of these men had special qualifications; both had applied for the permanent force, and both had been turned down on the question of age. One man was about a year over age and the other, nearly two years. I understand that a considerable number of officers who rose from the ranks and who did extremely well in the army overseas have been turned down for admittance to the permanent force as officers.

In this connection, I should like to point out that some of these men, while they may be a little over age, while in some cases their educational requirements may not be up to the standards now demanded, have a large degree of technical knowledge which I know personally it would be absolutely impossible for any man to obtain under peacetime conditions. One of these men to whom I refer served as technical adjutant of S.P., an artillery regiment, which is essentially an armoured regiment equipped with tanks. He was one of five or six such men in the army, and in virtue of his job he acquired a vast amount of technical knowledge which it is extremely difficult for any man to get, and more or less impossible unless he gets it under active service conditions. One of the men turned down for a commission was this very man I have in mind.

I do not care whether the national defence headquarters gets a man who passed with honours in mathematics or in any subject in a university and then trains him for four years afterwards, he will not be as good a man on that particular job as the type of technical man about whom I have spoken. It is a great pity, therefore, that this policy is being pursued. In connection with it I would ask a few questions. I think the minister has

this case in mind, because I wrote to him with reference to it and intimated that I would ask some questions regarding it under the estimates. First, how many officers have been accepted for the permanent army?

Mr. ABBOTT: The number was 2,027 as at August 8.

Mr. HARKNESS: Second, how many of these have had service in Canada only?

Mr ABBOTT: Perhaps I can break that down. The number who served in theatres of operations was 1,140; the number who served in England for a year or more, 259; the number who served in England for less than a year but over sixty days, 295; and the number who served in Canada only, 333.

Mr. HARKNESS: I take it that out of the 2,027, 1,140 had actual fighting experience; in other words, about half. How many of these officers have had merely what we call a Cook's tour in the actual fighting area?

Mr. ABBOTT: None of these.

Mr. HARKNESS: And how many in actual fighting formations? Does the minister say none had merely the so-called Cook's tour?

Mr. ABBOTT: That is right.

Mr. HARKNESS: My information is that a little more than half of the officers so far accepted have had actual fighting experience, and 240—is that the number?

Mr. ABBOTT: 333 served in Canada only.

Mr. HARKNESS: There were 333 who served in Canada only. I submit that when we finished the war we had the finest young men in Canada in our fighting forces, the majority of them at any rate having served overseas, and it is a serious lapse on the part of the Department of National Defence army that only half the officers had fighting experience, or little more than half, while 333 never left the shores of Canada.

Mr. ABBOTT: A good many of those are specialists, R.C.E.M.E. staff and that sort of thing.

Mr. HARKNESS: I have already mentioned, however, that quite a number of highly trained specialists, men who gained knowledge by virtue of battle experience which cannot be obtained otherwise, are the very men who are being turned down. This afternoon the hon. member for Kingston City spoke of certain officers, and I have no brief as far as that particular matter is concerned, but the minister at that time made an interjection and said, "We are trying to build an efficient army". I was glad to hear that, but when I learned that upwards of half of the officers accepted in the permanent force had no fighting experience, while a considerable number never went outside Canada, whereas on the other hand men with a wealth of fighting experience, men who demonstrated their work, are being refused, then I say that the minister is not giving any evidence that the department is trying to build an efficient army in regard to the reserve.

Mr. ABBOTT: I will reply to my hon. friend briefly. As I said this afternoon, I do not personally select the officers in the army and it would be improper besides being impossible for me to do so. There is a selection committee in which I have confidence, who carefully review all applications for commissioned ranks in the post-war permanent force. I may say we have a great many applications, something over 6,000 already, and up to August 8 there have been 2,395 accepted. These have to cover all categories, all age groups, all types of service. So far as I have been able to ascertain, the selection committee is doing a careful, conscientious job in endeavouring to select the most competent officers for the post-war permanent force. That is all I can say. Lines of policy are laid down. Overseas service and operational experience are very much in a man's favour; nevertheless those are not the only qualifications, and I hope and believe that we shall have a competent, highly skilled officer corps in the post-war army.

Mr. CASTLEDEN: How many are graduates from the military college, and how many have risen from the ranks?

Mr. ABBOTT: I have not that information but I could get it. A very small proportion would be graduates of the military college because it has been closed since 1940 or 1941, and out of the total of 2,395, I would think a comparatively small number were graduates of the military college. If I may hazard a guess, I believe a substantial number would be men who had started in the ranks. As I say, however, I am only offering a guess because I have not the figure.

Mr. MERRITT: May I interrupt to say that even those who were in the military college rose from the ranks, and they were fairly severe ranks too.

Mr. ABBOTT: I am aware of that.

Mr. FRASER: What are the regulations in regard to the use of army vehicles by personnel and those workers employed by the army? What I am getting at is this. In Ottawa as well as in other parts of the country

army vehicles have been used for personal purposes. Here in Ottawa, I know of a couple of cases where army trucks were used to take furniture from a home in this city out to a summer cottage, and they have been used to cart stuff from one place to another, even beer to a man's home.

Mr. ABBOTT: I shall be glad to have a case of that kind brought to my attention, because it is strictly contrary to the regulations. Every time we find out about it we take appropriate action.

Mr. FRASER: I have cases here that I shall let the minister have.

Mr. ABBOTT: I shall be glad if my hon. friend will let me know about them.

Mr. FRASER: I had correspondence with the minister in regard to an army vehicle smashing into a civilian car. If these cars or trucks are being used for civilian purposes, or not authorized to be used, the minister's department can say: "The use of this truck or vehicle was not authorized by the department and therefore the department is not liable for any damage." The minister said in a letter to me, dated July 5, regarding an accident:

> A very thorough review of the facts and circumstances surrounding the accident involving the accident to Mr. Long has now been made. It appears that the action of Private . . . in taking the departmental vehicle was entirely unauthorized.

Therefore they did not do anything at all about the matter and no redress is given to the person whose car was damaged. I do not think that is right. The army, the navy or the air force should be responsible if it is their vehicle which was responsible for the accident.

Mr. ABBOTT: My hon. friend will appreciate that the army is in the same position as any other employer. If an employee of a civilian firm takes his employer's automobile and goes out on a joy ride, and it is not for the purpose of the work for which he is employed, the employer is not responsible. Vicarious responsibility extends only if the employee is in the performance of the work for which he is employed. There is no difference there between the army or any other employer.

Mr. FRASER: These accidents have happened in working hours, because these people have taken their vehicles out when they are supposed to be on duty.

Mr. LENNARD: With regard to the matter of the signal corps in the northwest territories, which was mentioned a few moments ago, I wish to refer particularly to some lads who are stationed at Yellowknife. I understand that they have been there for over a year. I would urge the minister to draw that fact to the attention of the proper authorities and that these boys should have some leave. Some of them are married men and have not seen their wives for over a year. We are not now in a war period and these men should get some leave. How many men of the signal corps are in Whitehorse, Dawson City and Yellowknife?

Mr. ABBOTT: I shall have to get that information and give it to my honourable friend a little later. With regard to the other point he mentioned, I shall take note of his remarks. We have had two or three cases of compassionate releases of personnel of the army stationed at Yellowknife.

Mr. LENNARD: I am not asking for release.

Mr. ABBOTT: Leave. I shall look into the question. I imagine that some of them are highly skilled men and difficult to release.

Mr. HARKNESS: I should like to refer to the matter of selection officers. The minister said selection was made by a personnel selection board.

Mr. ABBOTT: It is called a committee.

Mr. HARKNESS: Can the minister give the names of the officers who are on that board? I should be interested in knowing who they are.

Mr. ABBOTT: I can give the names, but it will take a minute or two to get them.

Mr. CASTLEDEN: We have heard of the splendid part played by the artillery services in the peacetime army, but I wish to draw attention to what is happening to men who in the past joined the army with the intention of making it their career. In one case I have in mind the man spent years in the service and was within sixty-nine days of receiving his pension when he made application to be retained in the services. He joined the non-permanent forces back in 1926. Then he entered the permanent force in 1935 and joined up for the active service forces in 1939. He fought throughout. He rose from the ranks to the position of captain. Up to October 8, 1946, his pensionable service would be fifteen years and 296 days. He made application to join the army with the intention of making it his career. There has never been a black mark against his record. In fact all his service all the way through has been such that it has been recognized in the form of promotions from the lowest rank to the posi-

tion which he now holds as commissioned officer. In spite of his efforts to remain in the army, he has been told he does not come up to the standard of some assessment officers or some group of officers who make the assessment. He is definitely out and he has no redress. He has been doing his best to find out what his crime is or what the difficulty is. All he is told is that he did not come up to the assessment, but he does not know the particulars. An example of this kind certainly works to the detriment of those who would like to make the army their career. He feels that he has been discriminated against, because he has examples of other men with less service and much lower qualifications, and certainly without the experience that he has had, who have been retained in the permanent force. It is utterly impossible for him to get any information. I suggest to the minister that, with that type of treatment, he is not going to get men to make the army their career, and this is the type of men who are needed.

Mr. ABBOTT: If my hon. friend will give me the particulars of the case I shall look into it personally. We do not keep men in the service solely for the purpose of giving them a pension. At any rate we should not do so. There may be cases in which it is done. There may be some injustice in this case and I shall be glad to look into it.

Mr. CASTLEDEN: I am not suggesting he is being cut off before his pension is due. I am sure the man does not want to remain in the army just to get his pension. I have already given the case to the minister, and his reply was that it has been handed over to a certain selection committee and that he has every confidence in it. And that is all there is to it. There is no redress for this man; he is just stuck. This is the kind of thing which does not reflect well on the officials of the army and which deters other good men from making the army a career, which it should be.

Mr. COCKERAM: There are two other matters which I should like to bring up. First, I should like to bring to the attention of the committee sessional paper 153-G, dated April 23, 1946. The question dealt with pensions paid to retired members of the permanent armed forces. I do not bring this matter up for the purpose of criticizing the pensions, but to show how actuarially unsound the whole scheme of army pensions is. These figures are only up to the early part of April. From September 1, 1939, to April 1 of this year a total of 235 officers who had been non-commissioned officers in the ranks in the early days of the war received pensions totalling $701,524.96. I imagine the figures are possibly double to-day. The reason I bring this up is that a non-commissioned officer as such pays nothing into the pension fund. Until they become officers there is no contribution. It is interesting to look down the list. One finds one sergeant-major, W.O.1, who retired with the rank of captain with a pension of $2,798.35 a year. Of the people included in this list, 115 are men who were in the ranks either as non-commissioned officers, warrant officers or privates in the early days of the war, and therefore paid nothing into the fund. I notice there is one man who is a private and who paid nothing into the fund. The pension he receives to-day is $2,273.25. I wonder just how long the pension fund of the dominion government can stay sound under those circumstances. When the minister brings in his new bill I think some study should be given the whole pension act for the permanent force. Where a man gives service, we believe in a pension.

Mr. ABBOTT: We shall have first reading to-morrow morning of a bill in that regard.

Mr. COCKERAM: The second point is in connection with the educational qualifications required of men joining the armed services to-day. I believe the hon. member for Nanaimo also mentioned that point. It occurs to me that if the minister desires a permanent force of 25,000 men, together with the surplus officers he expects, something will have to be done with regard to educational requirements, because I cannot see young men who have their senior matriculation joining the armed forces to spend the rest of their lives there. I believe the minister should take men with less than the high degree of education he appears to require to-day, and have a corps of schoolmasters such as they have in the British army to give these men part of their training along educational lines. It would be good for the men, and I am certain it would be good for the services. I would ask the minister whether any consideration has been given to the creation of a corps of schoolmasters to teach these men, so that while in the service their education may be brought up to a certain level.

Mr. ABBOTT: On the last question, we are continuing the educational service in the army to try to bring up the educational level of those who join the forces.

Mr. COCKERAM: Pardon me; in other words, you are reducing the requirements?

Mr. ABBOTT: No, not yet; but we are taking in a good many men, in several specialized corps, who perhaps do not have the minimum requirements we would like.

As to the question of pensioning non-commissioned officers, they had a statutory right to that pension, and we would be committing a breach of faith with them if, assuming they were no longer required in the army, we did not retire them on the pension to which they were entitled by law. In that respect we have paid the penalty, perhaps, for having such a small army before the war, because we were obliged to promote men to commissioned rank in order to use them as instructors and otherwise, who were not capable of holding those commissions in our post-war army. Briefly that is the explanation in that regard.

The hon. member for Calgary East asked the names of the members of the selection board. They are Brigadier Graham, deputy adjutant general of administration; Brigadier Gibson, Colonel Fleury, Lieutenant-Colonel Cherrier, and in each case a representative of the corps to which the officer applicant belongs. If he is a member of the infantry corps, there would be a representative of that corps, or the artillery corps, and so on.

Mr. LENNARD: There is just one further question I should like to ask the minister. When the Canadian government started recruiting for the Pacific campaign they set out certain advanced rates of pay for those who volunteered for Pacific service. Later certain personnel of the air force and those of H.M.C.S. *Uganda* were granted Pacific rates of pay, though the personnel of the *Uganda* did not volunteer for Pacific service. I am referring particularly to some three hundred army personnel who served in Australia and certain actual theatres of war, of whom about eighty or a hundred were radar personnel, radar mechanics. Has the department definitely decided what it is going to do with these men? Are they to receive Pacific rates of pay? They did not on demobilization, but will they be granted those rates?

Mr. ABBOTT: I think the answer is that they will not; they were not part of the Pacific force. That matter was considered over some period of time; I think it came up on my estimates last year, and the decision was that they would not receive Pacific rates of pay.

Mr. LENNARD: Some are receiving those rights who did not volunteer for Pacific service, while on the other hand those who were expecting to fight in the Pacific war, just because they were a month or two ahead are being deprived of this special rate.

[Mr. Cockeram.]

Mr. DIEFENBAKER: I wonder if the minister is in a position now to answer my question?

Mr. ABBOTT: I am afraid I cannot answer that to-day. I have made inquiries, and the only information I have is that the officer referred to, Major Elliott, is no longer in the service. I shall give my hon. friend whatever information we have, either on my own estimates if they should not be concluded this evening, as I would hope they would be, or I am sure it would be in order for me to do so when the estimates of national defence for air are being considered. I shall have to get the information in the morning; we do not have it here.

Mr. DIEFENBAKER: There is another matter with which I should like to deal at this time; I do not think it has been dealt with as yet. It has to do with the men in the armed forces who committed military offences and were sentenced to varying terms of imprisonment. I brought this question up last fall. I am not now dealing with offences which would be offences under the civil law; I am referring particularly to offences under military law. Last fall I brought up the question of the setting up of a judicial or semi-judicial board, and the minister advised that a board had been set up under the chairmanship of Mr. Justice Keiller Mackay, with two distinguished co-members. That committee sat for a period of time reviewing sentences, and then I understand their work was discontinued. My question is, what is being done in reference to these prisoners who to-day are in gaols and penitentiaries, in regard to a further review of their sentences?

At the moment I have in mind particularly a man from the province of Saskatchewan. I am not going to give his name, though I shall give it to the minister privately, but his number was L-36119. He is of German parentage. He served overseas for two years. In the district whence he came there were several who found their way into an internment camp following their disloyal conduct at the beginning of the war. This man served throughout the Italian campaign, and later throughout the campaign in France and Germany. He had a fine record; he became a sergeant and then went over to England en route to Canada. There he became involved in the riots at Aldershot and received a sentence of three years' imprisonment. The provincial command of the Canadian Legion in Saskatchewan interested itself in this man, because while at the end of the war those who had been disloyal returned home from the internment camps, these men who served and

who received very long sentences remained in prison. As a matter of fact I read over the evidence; and while in connection with military offences sentences are generally longer than they would be for civil offences of a like nature, I want to say that no counsel reading that evidence could but conclude that a maximum of three months would have been the normal sentence in a civil court. The provincial branch of the legion in Saskatchewan reviewed the matter and came to the same conclusion; and they came to the further conclusion that what he did at the time, impeding an officer, was the result of his nervous condition following service. It is the considered opinion of the provincial command that in his case the ends of justice would be met—and other cases are also mentioned—without any further imprisonment being exacted. I suggest this, that the time has now come for further review of those sentences imposed for purely military offences. I should like to ascertain from the minister how many soldiers who served overseas are to-day imprisoned, first in penitentiaries and, second, in the common gaols. In how many cases were sentences reviewed, and how many pardons granted, or reductions or diminutions in sentences passed by the court martial allowed? And a further question, in review, as to what further action will be taken in this connection.

Mr. ABBOTT: I do not believe I can give the information exactly in the form requested. As at August 14 the total number of soldiers serving sentences and detention in Canada was 981. Of this total, about fifteen per cent, or 151, was for offences other than desertion or absenteeism, which would leave, roughly, 830 serving detentions for desertion or absenteeism.

The total number reviewed by the court martial board of review, which was presided over by Mr. Justice Mackay, was 1,895. Of those 1,895, those in which immediate release was recommended numbered 574; those where release was recommended at a future date, for remission of sentence, numbered 1,156, and those in which no recommendation for remission was made numbered 165. The cases of those still in detention are still under constant review by district officers commanding as well as by the adjutant general's department here in Ottawa.

Particularly in view of the announcement I made a day or so ago, it is my intention that a further complete review of all those ceases is to be made. I think the committee can be assured that clemency will be exercised in cases where it is considered appropriate. I shall look into the particular case to which my hon. friend has referred. He has given me the number, and I shall look into it personally.

Mr. JAQUES: I have a question to ask respecting pensions for the permanent force. When shall I have an opportunity to ask it?

Mr. ABBOTT: I am bringing in a bill to-morrow to amend the Militia Pension Act. It will be given first reading, I would expect, and that would be an excellent opportunity for my hon. friend to raise the question.

Mr. KIDD: I do not wish to delay the committee, but I have been reading *Hansard* and I wish to make a correction. When the committee resumed its duties at eight o'clock I drew the attention of the minister to his policy respecting permanent force bands. I understood him to say that certain units would continue to have permanent force bands. *Hansard* so far—and I do not think the minister has had an opportunity to read it—does not reveal that. I thought the minister said that Canadian Ordnance Corps headquarters would continue to have a band.

Mr. ABBOTT: I did not say headquarters. I said there would be bands for such corps units as the Royal Canadian Ordnance Corps and the Royal Canadian Army Service Corps.

Mr. HARKNESS: Having heard the names of the members of this selection board, I should like to say, first of all, that I could hardly disagree more strongly with them or with what they have done, than I do. I would strongly recommend to the minister that he call the members of this board together and have a talk with them over the matter of the selection of officers, to see if they cannot devise some type of selection system which will put into our army more officers who have had some experience and fewer who spent the war in passing red tape over desks—which is apparently what is happening.

Mr. ABBOTT: Probably we should appoint the hon. member as sole member of the board.

Mr. HARKNESS: You might do worse.

Mr. ABBOTT: You are too modest.

Mr. HARKNESS: I will say that I was extremely glad to see Brigadier Graham's name on the list. I presume his presence there is what has caused as many as 1,140 men who did see fighting to be appointed. It is too bad that all the members of the board have not had the same experience as he had.

I should like to learn from the minister how recruiting from the permanent force is coming along. He told us that we have 2,027 officers. How many O.R.'s are there?

Mr. ABBOTT: About 700 this last month.

Mr. HARKNESS: What is the total?

Mr. ABBOTT: The total to date, as of July 31, is 13,518 all ranks.

Mr. HARKNESS: In this 2,027 the total you will have, or are there still more to be appointed?

Mr. ABBOTT: As I say, the total to date is 13,518 all ranks, of which officers are 2,613, and the total establishment of officers when we are up to strength will be something over 3,000.

Mr. HARKNESS: I wonder if the minister could be a little more accurate. When we were talking about this matter before I asked the number of officers who had now been accepted for the permanent army, and he gave me the figure of 2,027. Now he says it is more than 2,600.

Mr. ABBOTT: The figure is for the interim force as of July 31. We have not taken anyone into the permanent force as yet.

Mr. HARKNESS: Is this figure of 2,027 the right one, or is it 2,600?

Mr. ABBOTT: I say that 2,027 is the number accepted for the permanent force. The figure of 2,613 is the number who are in the interim force. Probably the difference is accounted for by some of the remainder being still under consideration.

Mr. HARKNESS: I am glad to have that cleared up.

Mr. ABBOTT: It is eleven o'clock; eight hours is long enough.

Mr. HARKNESS: Apparently there are something like 11,000 O.R.'s in the permanent army. I should like to know something about their distribution, because I have it on very good authority that, as short a time as two months ago, the only permanent force field regiment we have did not have enough O.R.'s to clean their guns. They had to hire civilian labour. Perhaps that is still the case. I do not know, but I should like to. I am wondering whether all these 11,000 men are distributed around the country in offices of one kind or another, and permanent force units have not enough men to do even the essential duties.

Item stands.

Progress reported.

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

[Mr. Harkness.]

Tuesday, August 20, 1946

The house met at eleven o'clock.

PRIVILEGE

MR. DIEFENBAKER—RETURN RESPECTING CAMP BORDEN ARMY REJECTION OR MEDICAL DISCHARGES

On the order for motions:

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): Mr. Speaker, I have now had an opportunity of investigating that grave matter of a breach of the privileges of the house about which the hon. member for Lake Centre and several newspapers have been so seriously concerned.

On Friday last the hon. member, after reading the terms of order for return No. 258, said:

> A perusal of the documents produced yesterday shows that in spite of the fact that parliament passed the order without any qualifications that any documents should be refused, a number of the letters have been deliberately omitted and the file is in the position of having been stripped and denuded of four known letters, as well as others. The four letters which do not appear in the file are the following:
>
> (1) A letter from Mr. Robinette, K.C., of Toronto, dated March 22, referred to in letter of March 26.
>
> (2) Letter from Mr. Miall to Mr. Anderson, dated the 26th of March.
>
> (3) Copy of letter, October 12, from Mr. Robinette, K.C., sent to Mr. MacNamara, the deputy minister.
>
> (4) Letter of the deputy minister of justice to Mr. MacNamara, dated the 19th of October, 1945.
>
> These four letters are referred to in the correspondence produced, but have not been produced.

When the hon. member made that statement I felt, as I am sure all hon. members who heard it must have felt, that it must be serious or no hon. member would be making it. On examining the file this is what it reveals: two of the letters which were alleged to have been deliberately omitted, of which the file had been "stripped and denuded", which, according to the statement, do not appear on the file, are there and were there all the time. One of them is the letter from Mr. Miall to Mr. Anderson dated the 26th of March; it is document 4 of the file; another is the letter of the Deputy Minister of Justice to Mr. MacNamara dated the 19th of October, 1945; it is No. 6 on the file. The other two documents, being letters from Mr. Robinette to the Department of Justice dated, one, March 22 and the other October 12, are, as I explained yesterday, not letters from one department to another—which were the only things called for in the order—but letters written to the

Department of Justice by a lawyer acting as such for the department and which, according to the invariable rule, are not produced in parliament. Now, if there has been any "affront to parliament and to the privileges of parliament", it would seem to be only in the fact that the hon. member has once again allowed his zeal about cases which he calls cases having "odoriferous characteristics" to outrun his discretion and has made, quite inadvertently I am sure but nevertheless without sufficient care, positive statements to this house about a document which on its face shows that the statements are just not true.

Mr. J. G. DIEFENBAKER (Lake Centre): Now, Mr. Speaker, I trust you will allow me to place the record before the house and the country.

Some hon. MEMBERS: Oh, oh.

Mr. DIEFENBAKER: I am not at all impressed by the jeers.

Mr. GRAYDON: Neither is anybody else.

Mr. DIEFENBAKER: And truculence is no substitute for information. The attitude adopted by the Minister of Justice to-day indicates one thing, that there is a very good reason why the government, through the instrumentality of the Minister of Justice, does not produce the record in this case. And I am going to produce the record because it indicates this, sir, not only was there a deliberate attempt to interfere with the course of justice, but that it is connived at and approved and condoned by the Minister of Justice.

An hon. MEMBER: "Very loud cheers."

Mr. DIEFENBAKER: All right: I will give you the facts and then I will read the record, and I will allow the country to decide whether it was I who made the mistake or whether it was my right hon. friend, who to-day participates in the concealment which I criticized the other day. Let me say this to him: I defy him to produce the record; I defy him to produce those letters which have been taken from the record. He dare not do it.

Some hon. MEMBERS: Oh, oh.

Mr. DIEFENBAKER: He may laugh and hon. members may jeer. But to-day, when we speak so much of lawlessness in the land, lawlessness on the part of the government is as serious as lawlessness anywhere else.

Here is the record. In the first place, sir, I asked the question:

Have any criminal proceedings been taken or are any contemplated in connection with an alleged conspiracy arising out of the improper use of army rejection or medical discharges at Camp Borden since 1943?

The answer is no. The next question was:

Was the matter investigated by the R.C.M.P. and did they recommend prosecution?

Here is the answer:

The R.C.M.P. investigated and reported, which report was reviewed by counsel who was acting as agent for the crown in a prosecution case having to do with mobilization regulations. Counsel expressed the opinion that a review should be made by another counsel although he was also of the opinion that the reports indicated a prima facie case.

Counsel in question was Mr. Robinette, K.C., who I am informed was counsel for the prosecution in the case of one Lennox, on March 22, 1945, at the city of Hamilton, Lennox having been charged with having passed one of these fake medical certificates, and he gave evidence there that he paid one Joseph Bagley at the Humber Hotel in Toronto $1,200 for the certificate. He was charged with uttering a false document and received three months. My information is that Mr. Robinette, K.C., an outstanding counsel, set forth the facts and indicated that there was a prima facie case and then another counsel was brought in. What his report was it is not for me to say, but my information is that it too advised that there was a prima facie case.

Now we go on with the record. As far as the Department of Justice is concerned, Mr. Varcoe, the deputy minister, made sure that the responsibility did not rest on that department. Here is the correspondence from the beginning. The first letter is dated October 19, 1945:

Department of Justice
October 19, 1945.

A.4347

Re: Major James A. Elliott, et al.
National Selective Service
Mobilization Regulations

Dear Sir: I enclose herewith copy of a letter of October 12 from Mr. J. J. Robinette, K.C., the agent of the Minister of Justice of this matter. I shall be pleased to receive your comment thereon.

Yours truly,
(Sgd.) F. P. Varcoe,
Deputy Minister.

The order of this house was for the production of all documents. Is that order met by producing a letter to which an enclosure is referred and leaving out the enclosure which deals with the facts?

Mr. ST. LAURENT: Is not the letter which the hon. gentleman has just read the very letter which he said on August 16 was not there?

Mr. DIEFENBAKER: Sir, the record speaks for itself. I am reading the record, and it purports—

Mr. ST. LAURENT: Does the hon. member say that it hurts him to find out that it is there after he stated it was not there?

Mr. SPEAKER: The hon. member knows that he is absolutely out of order. It is the practice of the house, when a member receives an answer, to refrain from debate upon it. It is not supposed to be debated, nor is a statement made by a minister debatable either. I have permitted the hon. member to make his reply, but I thought that he would do so in a few words. I am prepared to allow a little latitude to the hon. member, but if I permitted him to enter into a debate on this question he can see what the result would be. Other hon. members would like to do the same.

Mr. DIEFENBAKER: Surely I have the right to reply to an allegation by my right hon. friend. I am putting the record before the house and the country—

Some hon. MEMBERS: Order.

Mr. DIEFENBAKER: Mr. Speaker, may I continue to put the record before the house? Here is a letter dated November 13, 1945:

Mr. F. P. Varcoe,
Deputy Minister of Justice,
Ottawa.

Dear Mr. Varcoe:

With reference to your letter of October 19th relative to prosecutions of Brother Arnold and Major J. A. Elliott of Toronto.

I would recommend that this file be put away for three or four months and then the matter could be reviewed.

I am sure that I will receive the endorsation from the minister for this proposal.

Very truly yours,
(Sgd.) A. MacNamara.

After it has been put away for two or three months a letter is written by Mr. Varcoe a little later in which he sets forth the following on April 10. Your Honour will have noticed that the cooling off period had elapsed:

April 10, 1946.
146298

Dear Mr. MacNamara:

May I have a reply to my letter of March 16, with reference to Brother Arnold and Major J. A. Elliott.

Yours very truly,
(Sgd.) F. P. Varcoe,
Deputy Minister.

Finally on April 16, 1946 Mr. MacNamara wrote to Mr. Varcoe, the deputy minister of justice, as follows:

[Mr. St. Laurent.]

Dear Mr. Varcoe:

I have your letter of April 10th, File No. 146298 and I would recommend that this file be closed and that prosecution be not proceeded with.

Now there is the record; the omission of counsel's letter from the file, which was part and parcel of the file that should have been brought before parliament; the omission of all the other letters to which I have already referred. First you have the prosecution of Lennox in 1945; you have evidence there given, and you have the report of Mr. Robinette, K.C.; you have the report of counsel, as admitted by the government in its answer, that a prima facie case had been made out; then you have the deputy minister of labour advising the Department of Justice, first, that they allow the matter to remain for three or four months, and finally that there be no prosecution.

I say, sir, the record speaks for itself and the record establishes everything I said. What is more, the rights of parliament are still being flouted by the refusal of the government to produce the entire file in this case which, if produced, will reveal interference with the administration of justice, which ought not to be condoned in this house.

LABOUR CONDITIONS

TYPOGRAPHICAL UNION AND SOUTHAM NEWSPAPERS—C.P.R. EMPLOYEES PENSION RIGHTS

Hon. HUMPHREY MITCHELL (Minister of Labour): I wish to table copy of the report of the industrial disputes inquiry commission established to look into the dispute between the Vancouver Province division of the Southam Company, Limited, and the Vancouver typographical union, No. 226. I promised to do so at the request of the hon. member for Vancouver East.

As I promised the hon. member for Winnipeg North Centre on Saturday last, I now table the report of H. S. Johnstone, industrial relations officer of the federal department of labour stationed at Winnipeg, on the claim for pension rights by certain employees of the Canadian Pacific Railway company and associate companies. There are also a number of appendices having to do with this matter.

Mr. KNOWLES: They are tabled also?

Mr. MITCHELL: Yes.

AERONAUTICS ACT

EXTENSION OF TIME FOR SEPARATION OF AIR SERVICES FROM RAILWAYS

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): I wish to direct a question to the Minister of Reconstruction and Supply with reference to an order in council to which he referred in the course of the debate on August 17. He indicated at that time that an order in council had been passed advancing the effective date contained in section 14 of the act to amend the Aeronautics Act. I have endeavoured to get a copy of the order in council from the privy council office, but they do not seem to be aware of the order to which the minister refers. Will he indicate the number and date of the order in council?

Right Hon. C. D. HOWE (Minister of Reconstruction): My legal department calls my attention to the fact that there was no order in council.

Mr. KNOWLES: Oh, oh.

Mr. MACKENZIE: Just like the letter.

Mr. HOWE: It was a cabinet decision arrived at on February 16 last.

Mr. KNOWLES: The cabinet decision was taken under what section of the act?

Mr. HOWE: Under the authority of the government. This was the decision:

The cabinet, after discussion, agreed that the time limit for separation of control of air services from that of railways be extended for another year, i.e., until two years after the end of the European war.

Mr. KNOWLES: I rise to a question of privilege. The section of the act says that it must be done by the governor in council. There was no order in council, and therefore I suggest that the act has been violated.

Mr. MACKENZIE: It does not have to be under an order in council; the government decides in council.

Mr. COLDWELL: Without the authority of parliament? May I ask the Minister of Reconstruction, or the leader of the house, if either of these gentlemen means to imply that the government has authority to do what is not authorized by this house or by statute?

Mr. MACKENZIE: The government of the Dominion of Canada is a responsible body, responsible to parliament and responsible by answering questions on the floor of the house, and whether there is an order in council or not the government can take action and answer to parliament accordingly.

Mr. KNOWLES: That is not the way the act reads.

INCOME WAR TAX ACT

Hon. J. J. McCANN (Minister of National Revenue) moved the third reading of bill No. 368, to amend the Income War Tax Act.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, I wish to move, seconded by the hon. member for Yale (Mr. Stirling):

That the said bill be not now read a third time, but that it be referred back to the committee of the whole for the purpose of reconsidering subsection 3 of paragraph 3, and subsection 9 of section 13 of paragraph 4 thereof.

It is not my purpose to occupy the time of the house for more than a very few minutes. I simply wish to put ourselves on record as being opposed to the manner in which this measure as it affects cooperatives has been handled from the beginning, and to the form in which it is now found with respect to the taxation of cooperatives. If it was the law prior to the introduction of this measure that cooperatives should be taxed, and if the law was right, it should have been enforced. If the law was wrong, it should have been changed. But the government refused to take either position. It is leaving the impression with the private trade that it is going to tax cooperatives, and it is leaving the impression with the cooperatives that they can so handle their affairs that they will not be taxed at all. The government is simply trying to play both ends against the middle. The net result will be, if this measure is passed in its present form, that cooperatives will be turned into investment enterprises.

The three remaining objections I have to this bill I shall deal with very briefly. Some of the objections the government has already agreed to have removed, but I should like to refer to three remaining objections.

The first objection is to subsection 3 of paragraph 3, which I suggest with all deference is discriminatory. It provides that new cooperative organizations will be exempt from taxation for three years if they organize after January 1 next; but it does not provide for any exemptions for new organizations formed prior to that time but not yet three years old. I say that this is a discrimination against new cooperatives. If it is a good policy to apply

for three years to cooperatives organized after January 1 next, it is a good policy to apply to those not yet three years old.

The second objection is to subsection 9 of section 13 of paragraph 4. As this now stands it amounts to nothing more or less than a financial farce. It will produce little if any revenue and its effect will be to destroy co-operative enterprise, to turn cooperative enterprise from its real cooperative function and try to make it attractive as an investment enterprise. The fact is that every cooperative wheat pool organization which pays out all its savings in the form of patronage dividends will now be taxed. A second fact is that if these cooperative organizations proceed to function by operating on borrowed money and by paying out their savings as interest and by turning themselves into an investment enterprise they can thus escape taxation. Therefore the net result of this legislation is one or other of two things—it will either tax the cooperative which continues as a real cooperative, or it will drive it out of the field of cooperation into the field of investment enterprise.

The third objection I have is to another aspect of the government's policy respecting the taxation of cooperatives which is not expressed in the bill itself but is found in the government's plan for taxing certain co-operatives for years that are now past. If the measure as it stands now expresses what the government wants to do with respect to taxing the Canadian wheat pools in the future, why does it propose to tax them five or ten times as heavily for two years that are past? If the law in 1944 and 1945 was to tax cooperatives, they should have been taxed. If the law was not to tax them, they should not have been taxed. If the government is now going to compromise, the only fair basis on which to tax them in 1944 and 1945 is that on which they have decided to tax them for 1946 and later years. But instead of doing that the government is proposing to apply a tax for the last two years which will probably be five or ten times as heavy as for future years. I asked once before, and I ask again, if the government had been bringing in this taxation measure two years ago would it have said that these cooperative organizations would have to pay five or ten times as much for each of the years 1944 and 1945 and then continue on this much lower basis for the future years? One has only to ask that question to get the answer. It would, of course, be no.

Now what is the situation? Because of this dispute three large cooperative wheat producing organizations which held back the payment of their patronage dividends for a number of years, held back $10 million or more, which, but for this dispute they would have paid out to their members, will find themselves in this position. The government comes along and says that it is going to tax them for two years on money which belongs not to the cooperative organizations but to the farmers. It belongs to the 150,000 farmers who by the policies of this government have been required to take $1.55 a bushel for their export wheat when it is worth $2.05, and to take $1.25 a bushel for their domestically consumed wheat when it is also worth $2.05. The policies of the government have required the farmers to accept these prices. The farmers accepted the government's policy patriotically, and now what is their reward? Out of a saving of some 3½ cents a bushel made by the cooperatives over the past few years, the government now comes along and says it is going to take about half of it in taxes. The government says it is going to tax the cooperatives from five to ten times as heavily for that period as for the future. Mr. Speaker, there can be no justification for treating these cooperatives in one way in regard to the past and in another way in regard to the future.

That is all I wish to say. I protest against the manner in which this taxation measure as it affects cooperatives has been dealt with since the time it was announced in this house, and I object to the form in which it now stands, for the reasons I have stated.

Mr. T. J. BENTLEY (Swift Current): Mr. Speaker, I am not going to spend a long time dealing with this matter this morning.

Some hon. MEMBERS: Hear, hear!

Mr. BENTLEY: I hear cries of "hear, hear" but I do not mind that. I would not take any time at all if I did not consider it a very necessary duty in the interests of the people of this country. Before saying what I had planned to say may I just remark in passing that the leader of the opposition (Mr. Bracken), occupying the position he does, being closer to the Speaker, and wearing a light coloured suit of clothes, caught the eye of Mr. Speaker before I did; otherwise I would have moved an amendment similar to the one he has moved. However, we shall take a little different attitude than that taken previously by the Progressive Conservative party; we shall support his motion, though the other day, when we had a similar motion up for discussion, they did not support us. I want to remind the leader of the opposition that everything he said here this morning is about

a month and ten days late, because I set out the whole position in my budget speech on July 10.

I regret very much that the Minister of Agriculture (Mr. Gardiner) is not in his place this morning. When he was speaking the other day he took a tremendous amount of credit to the Liberal party for the growth of co-operatives. At page 4724 of *Hansard,* when this matter was under discussion, in the last paragraph of his remarks he said:

> All I wish to say now is that the whole record indicates that the real founders of the cooperative movement in the Dominion of Canada were the members of the Liberal party. Their policies have been behind the cooperative movement; they are still behind it, and when this legislation gets through it will have the support of the very people who my friends of the C.C.F. party are trying to lead us to believe are opposed to it in the province of Saskatchewan.

Since this matter has been under consideration, and particularly since the minister made that speech, I have had many letters from people in the province of Saskatchewan concerned with the cooperative movement, but none of those letters bear out the minister's statement that they support this action. The minister took occasion to refer to a gentleman who was very highly regarded in the province of Saskatchewan, Hon. W. R. Motherwell, and I heartily endorse every personal tribute he paid to that notable gentleman of the prairies. The members of this party take second place to no one in honouring and paying tribute to Bill Motherwell; everybody in Saskatchewan who follows things will do that. He was a grand old rebel, and in the front line of the farm forces all the time in the early days of the century, and he always had the interests of the farmers and cooperatives at heart. If he had any fault at all it was his loyal belief that his hopes could be realized through the Liberal party, and he tried to move that party in this direction. Because of his personal ability he achieved a remarkable degree of success, and we honour him for that. His successor, however, cannot lay claim to any such achievement. He has had to be pushed into every progressive movement ever undertaken in our province, and only the fear of the loss of votes ever made him take a stand in support of the progressive movement. So when he takes to the Liberal party credit for building up cooperatives he is far from the facts. The cooperative movement in Saskatchewan was built by the people of Saskatchewan, of all shades of political opinion. It is open to all people, of both sexes, of all colours, all races, all creeds. Those are the people who built it. Hundreds of them went out on horseback and on foot in the early days in support of these cooperatives.

If the Minister of Agriculture had been correct in his statement it never would have been necessary to remove the Liberal party from power in Saskatchewan. I want to give the house a little history in regard to the record of the Liberal party with regard to cooperatives in that province. A very close personal friend of mine, my seat mate, the hon. member for Humboldt (Mr. Burton), sat in the Saskatchewan legislature from 1938 to 1943, during which time he served on the public accounts committee. During that time the public accounts showed that the provincial government purchased large quantities of petroleum products for their power commission and other government departments, but not a dollar's worth during that five-year period was bought from the consumers' cooperative refinery in Regina, right at the seat of government. Nor did the Liberal government during that period give any business to any co-operative enterprise in the province except in those few cases where farmers who were on relief took their meagre relief slips and spent them at cooperative stores. Practically no government printing was given to what was at that time the only cooperative owned newspaper of that province, the *Western Producer,* owned by the Saskatchewan wheat pool. In fact their whole record has been one of lip service, with absolutely no record of active, good support.

The bill before us for third reading is a vindication of what I have said previously in this debate and what I am saying now. I have said before, and I say again, the introduction of the provision compelling a co-operative to show a three per cent profit before it can pay dividends and so on is in itself a clear indication of the antagonism of the Liberal party toward the building up of this great cooperative movement. Had it been my good fortune to catch your eye first, Mr. Speaker, I was going to move that this bill be not now read a third time but that it be referred back to the committee of the whole with instructions that it have power to reconsider the provisions already set out in the amendment of the leader of the opposition, and also those having to do with the three per cent tax on cooperatives. As I have said already, our group are going to follow a different line from that of the Progressive Conservatives or of the Liberals. We are not only going to give lip service; we are going to support the amendment moved by the leader of the opposition, as we would have

hoped—rather faintly—that perhaps some of them might have stayed in the house and voted for our amendment had we been able to move it.

Mr. A. W. STUART (Charlotte): Mr. Speaker, during the discussion which has taken place on this matter I have sat quietly in this chamber and said nothing. In the county of Charlotte, as I have tried to point out in this house, we have a big fishing industry. During the past five or six years all those fishermen have paid income tax. By way of comparison let me say that in that county, with its population of 25,000 people, the fishermen have paid more income tax in the last six years than have all the farmers in the province of New Brunswick.

In my county there are four or five owners for each sardine fishing right. There is no reason in the world why those fishermen could not form a cooperative and clear themselves from paying income tax, like the farmers in western Canada are trying to do. I believe in fairness; and if one group in the country is going to be compelled to pay income tax—and I have every respect in the world for hon. members who will rise in their places and look after the interests of their constituents—other groups should pay also. There are hon. members in the house who would tax one class of primary producers although excluding another, and in my view that is most unfair. I believe that if every hon. member votes according to his principles he would vote to tax all the primary producers in Canada on exactly the same basis.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, we have held the view throughout that the budget legislation dealing with cooperatives was detrimental to the growth of a movement to which thousands of people in this country have devoted a great deal of time and attention, and which they have endeavoured to build up to meet their own needs.

On July 8 we moved a subamendment to the amendment moved by the official opposition. The official opposition of course had already moved its amendment, and in it there was no criticism of the taxation of cooperatives. May I point out that in our subamendment we said:

> That the budget fails in its tax proposals to recognize the principle that cooperatives are non-profit-making organizations.

I have been unable to understand why, at a late date, the official opposition suddenly picked up this view, a view they had officially opposed by voting against it. My experience throughout the years, when this has been under discussion, has been that Mr. Thorvaldson, president of the Income Tax Payers Association, so called, who was responsible for the circulation of thousands of cards in this country, and also the only Progressive Conservative member from the city of Winnipeg who sits in the Manitoba legislature, represents the point of view of the party rather than the leader of the official opposition (Mr. Bracken).

However, I am glad indeed to have an opportunity of voting for reference back to the committee this morning, because that is precisely what we had intended to do had the amendment not been moved first.

I do say this, in the interests of open, free and frank discussion, that hon. members who sit in the house—on all sides of the house—who have expressed disagreement with the position we take regarding the taxation of cooperatives, should rise and express their opinions so that the country may know exactly where they stand in this matter.

I think this proposal transcends party issues; we have said that throughout. It so happens that this party, in common with others, and in common with other people in various parts of Canada, takes the view that these non-profit organizations should neither be taxed nor compelled, as the leader of the opposition has said, to operate as investment corporations.

To my mind, apart altogether from any other provision of the bill, the proposal to compel cooperatives to compute interest of three per cent on the capital employed strikes at the very roots of cooperative philosophy, cooperative thought and cooperative endeavour.

I shall not prolong the discussion, because I believe this matter has been thoroughly discussed, and little more could be added to it. I do say, however, as leader of this party, that we intend to support the amendment moved by the leader of the opposition.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, I would say just a word on behalf of the Social Credit group respecting the amendment offered by the leader of the opposition (Mr. Bracken). I am not at all interested in the fight for place that seems to be going on between the two parties sitting to my right. It does not matter to me who receives the credit—

Mr. COLDWELL: Or to me.

Mr. LOW: —for the moving of this amendment. I find however that this group is favourable to the amendment proposed this morning. Because of the fundamental differ-

ences between cooperatives and corporations it is our opinion that, with justice and equity, cooperatives simply cannot be placed in the same category as corporations for taxation purposes.

We are definitely opposed to anything which would be prejudicial to the growth and continuation of cooperatives as a vital force in the Canadian economy. We believe the bill as it now stands before the house for third reading is prejudicial to that growth and continuation. We reiterate the recommendation offered some days ago by the hon. member for Lethbridge (Mr. Blackmore) when he spoke for the Social Credit group in this house. Perhaps I might outline quickly what he said. In the first place we hold that the government should withdraw the bill as it applies to cooperatives, and should concern itself for the next year with the drafting of a new cooperatives act, which act should carefully define what is meant by a true cooperative. In that act it should be made definitely clear that the wheat pools would not be required to pay income tax retroactively. The act should also lay down the conditions which in fairness and equity would make possible the continuation in the future of true cooperatives as a vital organization or group of organizations in the Canadian economy.

Because of the failure of the present bill to do those things, the Social Credit group will support the amendment proposed by the leader of the opposition.

Mr. W. A. TUCKER (Rosthern): Mr. Speaker, I am sorry I did not hear clearly what was said by the hon. member for Swift Current (Mr. Bentley), but from what I did hear it would seem that he was saying something that has become familiar to those of us in Saskatchewan—that the great friend of the cooperatives is the C.C.F. party. That has been said over and over again, and anyone who has lived in Saskatchewan for any length of time knows that it is an attempt to put something across on the people of Saskatchewan and the people of Canada. Our people know, for example, that long before the C.C.F. was ever heard of, Saskatchewan was noted for its support—particularly under the Liberal party—of the cooperative movement. They know that long before the C.C.F. was ever heard or thought of, one of the greatest cooperatives in the whole world, the Saskatchewan Cooperative Elevator Company, had had its beginning. They know that the Liberal party set up a branch of one of its departments of government for the purpose of promoting, developing, supporting and encouraging cooperatives.

We have been deluged with the suggestion that the present government in Saskatchewan is the first one in that province to have a department of government directly concerned with the development and promotion of cooperatives. Of course everybody in Saskatchewan laughs at that suggestion because the present deputy minister, Mr. Arnason, has just been given another title. Previously he was in charge of a department which had to do with the development of cooperatives, a branch of another department. But by changing the name and making him a deputy minister, by actually appointing a man to be minister of cooperatives, they tried to put the idea across that they are the first people who have actually intervened in the promotion and development of cooperatives. Every C.C.F. member in this house knows that for many years we had a branch of government under Mr. Arnason, the present deputy minister.

Mr. NICHOLSON: How large a staff?

Mr. TUCKER: How large a staff? We do not judge the effectiveness of our work by talking about the large number of civil servants drawn from all over the world who are there. Perhaps that is the idea of the C.C.F., and it looks like it. Consider the number of experts they have imported from all over the world. It looks as though they had no confidence in the home grown product; in fact I have heard them boasting about the number of people they have brought in from the outside.

I want to say, and I say this after some study of the development of political affairs, that any movement which feels itself constrained in order to develop itself to base its development upon fallacies, upon partial statements of fact, upon half truths, is bound to be found out in the long run. I want to tell hon. members that that is actually happening to-day in Saskatchewan. Mr. Arnason, the present deputy minister of cooperatives, has been an employee of the Saskatchewan government for at least the last ten or fifteen years.

Mr. NICHOLSON: As what?

Mr. TUCKER: As director of cooperatives. He is doing exactly the same work now as he did ten years ago under the Liberal government. There has been no real change of principle in regard to government support and help. The Saskatchewan government supported and helped cooperatives. In that regard there has been nothing but misrepresentation of the facts. That cannot be denied, and every hon. member knows it. They know also that public moneys are being spent by

the Saskatchewan government to propagate that idea all across that country, that half truth, that misrepresentation. I say to the C.C.F. party that if they have to base themselves upon half truths like that they are not going to get very far in the long run.

I come back again to the Saskatchewan Co-operative Elevator Company, one of the greatest grain handling cooperatives that had ever been developed anywhere in the world up to the time of its being taken over by the pool. Every C.C.F. member who knows anything about the situation knows that the Liberal government of Saskatchewan assisted in the development and promotion of that great cooperative institution. They know that they assisted in the development of the pool elevators, which also was developed before the C.C.F. party was ever heard of.

Mr. McCUAIG: May I ask the hon. member who said "for God's sake read your contract"?

Mr. TUCKER: The man who said that asked the people who were signing contracts with the wheat pool to read their contracts so that they would know what they were signing. Had some of them read their contracts perhaps they would have known that they were agreeing to join a cooperative institution to which they were pledging themselves to deliver their wheat for a definite period of years—three years I think it was. Perhaps had they read those contracts many who signed them would not have claimed later on that they did not know what was in them and refuse to carry them out. I do not know what was in the mind of the gentleman who said, "For God's sake read your contract", but I do know that that same man was the man who was placed in charge of the Saskatchewan Cooperative Elevator Company and who brought it from small beginnings to the place where it became one of the greatest farmer-owned and cooperatively-controlled grain handling institutions in the whole world.

One of the bases of the development of the C.C.F. movement in Saskatchewan has been the pretence that some of the great servants of the farmers and of the cooperative movement were at heart really not their friends. I have listened to the maligning of great founders of the cooperative movement such as the late Mr. Motherwell.

An hon. MEMBER: Nobody maligned him.

Mr. TUCKER: Oh, yes; I have heard him maligned all over Saskatchewan by the C.C.F. who claimed that they were the friends of the cooperatives, that they were the friends of the farmer, and that this man who had given his whole life to the service of the farmers and the service of the cooperatives had sold out, that he was a traitor to the west. We have heard those claims in the west about people who served the west.

Some hon. MEMBERS: Oh, oh!

Mr. TUCKER: I can understand that hon. members hate to be told the truth, because it is coming home a little bit too close. That is the whole trouble. Every C.C.F. member knows that one of the bases on which that movement is founded is the pretence that the people who faithfully tried to serve the farmers and the cooperative movement turned against them. I want to tell them this—

An hon. MEMBER: Wait until you get to Saskatchewan.

Mr. TUCKER: I am anxious to get there and tell them.

An hon. MEMBER: Why don't you go? You have a chance.

Mr. TUCKER: When I get there some of these half truths and misrepresentations are going to be nailed. Every hon. member here knows that what I say is the truth. One of the reasons why the hon. member for Humboldt (Mr. Burton) supported the Liberal party in days gone by was that he was a great supporter of the cooperative movement. He cannot deny that; I defy him to deny that. I repeat that every man in this house from Saskatchewan knows that the Liberal government of Saskatchewan—

Mr. BENTLEY: What Liberal government of Saskatchewan?

Mr. TUCKER: My hon. friend was another who supported the Liberal government of Saskatchewan and voted for it because he was a believer in the cooperative movement. There is a proud history behind the Liberal party in Saskatchewan in regard to its support of cooperatives.

Mr. KNOWLES: A long way behind it.

Mr. TUCKER: I want to say to the hon. member for Winnipeg North Centre that he reminds me of a meeting which I attended in Rosthern, my home town, and which was addressed by a man for whom I have the greatest respect, the leader of the C.C.F. party (Mr. Coldwell). I remember that one of my arguments at that time was that if liberal-minded men, men who did not believe in socialism but who believed in advanced Liberalism, in reform, would stay in the Liberal party and help fight to make that a real party of reform instead of splitting the forces of

Liberalism, we might accomplish what we would not be able to otherwise. My hon. friends of the C.C.F. remember that. It is upon that basis that I have modelled my life in politics.

An hon. MEMBER: He was a Tory.

Mr. TUCKER: No, I do not think the leader of the C.C.F. was a Tory.

An hon. MEMBER: Oh, yes, he was.

Mr. COLDWELL: That was before I cut my political teeth.

Mr. MacNICOL: The hon. member had good judgment then.

Mr. TUCKER: Before you cut your political teeth—

Mr. HOMUTH: Now he has lost his teeth altogether.

Mr. TUCKER: I found that at that time the hon. member seemed to believe that the salvation and the whole hope for the future lay not in the reform of our present system, but in the government taking over the ownership and control of all means of wealth production. That is laid down in their platform.

Mr. HOMUTH: You had better move over with the C.C.F.

Mr. TUCKER: Don't worry; I do not belong to them and I never did. That was the beginning of the C. C. F. party. All liberal-minded people had to look into the situation very carefully, and I tried to do it. I said to myself that a party is what the members of it make it; that if all liberal-minded men throughout Canada would join the Liberal party they could make it exactly the type of Liberal party they wanted to make it.

Mr. JAENICKE: Did you ever try it?

Mr. TUCKER: There was this new organization—I know hon. members hate to hear this, because it must bring back searchings of conscience to any people who are conscientious about such things. The point that had to be decided was, am I a Liberal and do I believe in the reform of our present system; or do I intend to start to destroy the foundations of our present system under the pretence that I am advocating reform? I say this to hon. members opposite that when they fight and work to get the support of reformers, of people who believe in the reform of our present system, in order to put into power people who believe in socialism and want to destroy the present system by taking over all the means of wealth production, they are preaching something which is fundamentally false.

Mr. BURTON: Who is the hon. member talking about?

Mr. TUCKER: I am talking about the C.C.F. The hon. member understands only too well. I can say that he is one who, I am sure, must be struggling with his conscience day after day; because the hon. member for Humboldt, if I mistake not, is not a socialist. If he is a socialist, let him get up and say so; if he is not a socialist, he should not be in the C.C.F. party. I say this to the hon. member for Humboldt, that when he asks people to join a party that believes in socialism, on the pretence that it is a reform party, he is getting them into his party on false pretences.

Mr. BURTON: That is not right. I object to the hon. member saying that I induce people by false pretences to belong to this party.

An hon. MEMBER: Come over here.

Mr. TUCKER: Let the hon. member tell us whether he is a socialist.

An hon. MEMBER: And let him say why he has joined the socialist party.

Mr. BURTON: I am a socialist according to my conscience, and maybe that is more than the hon. gentleman can say—

Mr. TUCKER: The hon. member sidestepped the question whether he is a socialist or not. The basic principle of the C.C.F. party is that they will not rest until they have eradicated capitalism and established a full programme of socialism.

Mr. KNOWLES: Hear, hear!

Mr. TUCKER: I notice that the hon. member for Humboldt did not applaud that. Once the people of Saskatchewan know the sort of basis upon which they are being asked to join the socialist party—

Mr. MacINNIS: They know it now.

Mr. REID: But they won't tell the farmer.

Mr. TUCKER: —and when they realize where it is leading, they will reject that party. Let me tell the hon. member for Humboldt that he cannot kid himself. If he thinks that the people of Saskatchewan believe what he believes in, let him tell them what he actually believes in, and it will finish the C.C.F. party in Saskatchewan.

Mr. PROBE: You hope!

Mr. REID: They are soft-pedalling socialism to the farmers.

Mr. TUCKER: Let him (Mr. MacInnis) go out to Saskatchewan and make some of the

speeches he makes in this house, if he believes in socialism. I give the hon. member for Vancouver East (Mr. MacInnis) credit for believing in the principles of the party he supports. He believes in socialism, and when he asks people to join the socialist party—

Mr. MacINNIS: I would not.

Mr. TUCKER: He is working for things he believes in. But let him go to Saskatchewan and preach the same doctrine and see what happens to his party.

Mr. KNOWLES: May I ask a question?

Some hon. MEMBERS: Sit down.

Mr. KNOWLES: May I ask the hon. member a question?

Mr. SPEAKER: Order.

Mr. TUCKER: Yes.

Mr. KNOWLES: Does the hon. member believe in the legislation which is now before this house with respect to the taxation of cooperatives?

Mr. TUCKER: I will answer that very shortly. It brings me back to the little meeting which I started to talk about. I said to the hon. member leading the C.C.F. party to-day that there were just about enough Liberals in this country to fight the forces of reaction.

Mr. KNOWLES: Where are they?

Mr. TUCKER: A good many of them are here; I will tell you that; and they are not vitiating their desire for reform by pretending not to be socialists and at the same time actually being socialists in fact. You cannot be a socialist and a true reformer of our system at the same time. Once you go far enough along the lines of socialism, along the line of bringing in state control of the means of wealth production and of the ownership of the natural resources of the country, you have got to the point where the government is so all-powerful that there is no possible distinction between it and a communist dictatorship.

Mr. KNOWLES: Come on, answer the question.

Mr. TUCKER: Once your government owns the means of wealth production, once it owns the assets of the country, I defy any C.C.F.'er to tell me the difference between that and communism.

Mr. REID: Get up and tell us.

Mr. TUCKER: That is why I say that the C.C.F. is the way-maker for communism.

Mr. KNOWLES: Then why not encourage cooperatives?

Mr. TUCKER: The C.C.F. is not a party of real reform; it is a party which is moving back towards dictatorship by way of loss of personal liberty, and all the rest of the processes which are associated with dictatorship.

Mr. BENTLEY: What has this to do with the tax on cooperatives?

Mr. TUCKER: I am coming back to that question. One of the amazing features of the situation is this, and it is coming to a head in Saskatchewan—

Mr. KNOWLES: Don't forget the question.

Mr. TUCKER: The Wawanesa is one of the oldest mutual life companies in the west.

Mr. COLDWELL: Fire insurance.

Mr. TUCKER: Fire insurance—right. It had many policies on school buildings throughout Saskatchewan. What did the present socialist government of Saskatchewan do? Because it gave a grant to the schools of Saskatchewan, it insisted on these schools taking that business away from this cooperative company and giving it to a government-owned company.

An hon. MEMBER: Bribery.

Mr. TUCKER: Is not that dictatorship?

Mr. BENTLEY: No; he said it was bribery.

Mr. TUCKER: I know that when I mention that it is seemingly funny. But is it not striking at true cooperation? That action of the Saskatchewan government is not true cooperation. These individuals banded themselves together and worked together to help cooperation along.

An hon. MEMBER: That is what Saskatchewan is doing.

Mr. TUCKER: When the state steps in and forces the schools to take business away from a cooperative company and give it to the government, is that true cooperation? And that is just the beginning. I repeat, that is just the beginning. They have not started yet. If Saskatchewan to-day is one of the greatest cooperative provinces it is largely due to what a Liberal government has done in the past.

An hon. MEMBER: In spite of it.

Mr. TUCKER: Hon. members may laugh at that, but they know in their hearts that it is true. The present government is beginning to take over control of other businesses as it has done of insurance.

Mr. MACKENZIE: Horses.

Mr. TUCKER: Then what is going to happen to the cooperatives of Saskatchewan?

Mr. KNOWLES: What is going to happen under this legislation? Do you believe in it?

Mr. TUCKER: My hon. friend is very anxious to hear about that.

Mr. KNOWLES: Do you believe in it?

Mr. TUCKER: My hon. friend's anxiety to hear about it brings me back to this meeting. I said to the leader of the C.C.F. that there are just enough Liberals in this country—

Mr. KNOWLES: That is all.

Mr. TUCKER: —to hold their own.

Mr. MACKENZIE: To form a government.

Mr. TUCKER: And over there we see some people who may pretend to be Liberals but are really masquerading and are actually socialists, or vice versa; nobody knows what they are. They have got to be one thing in one place and another thing in another in order to catch votes. But what are they in their hearts? Where do they stand? Where does the hon. member for Humboldt stand in connection with the interference with the Wawanesa company, when the government takes insurance away which the people wanted to go to a cooperative and insists that it be given to the government?

Mr. BURTON: What about all the other businesses?

Mr. TUCKER: The hon. member is wrestling with his conscience, unless he has almost managed to kill it and thus perhaps give himself some sort of ease of mind. However I do not think he has killed his conscience. He is one of those whom I am hoping to see rejoin the Liberal party, which his hon. leader himself seems to be thinking about so much.

Mr. COLDWELL: Quite the opposite.

Mr. TUCKER: When I think of the remarks I have heard as to joining our party—

Mr. KNOWLES: Don't forget my question.

Mr. TUCKER: The leader of the C.C.F. party must be a true Liberal at heart, and if so I can understand his preoccupation about rejoining the Liberal party, and in that attitude he is right. I would say to the hon. member for Humboldt: Listen to the teachings of your conscience.

Mr. MACKENZIE: Be a little more definite than that.

Mr. TUCKER: Well, let him listen to his conscience. If the hon. member for Rosetown-Biggar and the hon. member for Humboldt are not true socialists, if they do not believe in paving the way for this country to be a communist country, if they do not believe in that, then what have they done?

Mr. KNOWLES: Don't forget to answer the question. Your time is running out.

Mr. TUCKER: My hon. friends have persuaded many true Liberals to turn down good things, they have persuaded sincere reform Liberals from Saskatchewan to turn down those things, and you have the result over there—people who do not know whether they are Liberals or Socialists, people who, when it comes to a question of true Liberalism, still have to try to meet other people like the member for Vancouver East half way, because they cannot let him down. And then he of course has to be careful about what he says in Saskatchewan for fear of letting them down. There is no doubt about it. And what is the result? I want to say this, Mr. Speaker: If it had not been that we had eighteen C.C.F.'ers in this house from Saskatchewan, which pleases the hon. members; if we had eighteen Liberals here instead, I want to tell hon. members that in the councils of our party this thing would have been fought out and I think this particular clause in regard to the tax on a minimum income of three per cent would not be here. It bears out what I have said many times, that by splitting the force of Liberalism, by getting people to join other parties, they have weakened the forces of Liberalism in the country, and particularly is it so in regard to western Liberalism. Western Liberalism has been in the past and will be in the future one of the real forces for progress and true Liberalism in Canada. The place of Liberalism is not in a truncated opposition that sits there year after year, session after session, pretending to be the friend of reform, but actually being led by people who believe in socialism, people who are not making a real contribution to the formation of the policies of the country. I admit that some of them have the ability to make good speeches. I admit they can appear in the eyes of the country as putting up a real fight. But if they believe in reform and Liberalism they should be in the party that can do something.

Mr. IRVINE: And vote for this bill.

Mr. TUCKER: I did not interrupt the hon. member when he was speaking. I know this argument may bother him. He hates to hear it, but he and his ilk will hear it and they will hate it worse and worse in the days that lie ahead in Saskatchewan. Nevertheless

the truth will be spoken; it will not be silenced by derision and sneers and laughter. The truth will be heard in Saskatchewan.

And now I wish to say a word to the hon. member for Swift Current. If the true Liberals who should have been in this house as representatives of Saskatchewan had been on this side it could have modified this legislation. There is great anxiety as to how I am going to vote. Well, I feel so strongly against this particular provision that I do not really know what I should do.

Some hon. MEMBERS: Oh, oh.

Mr. KNOWLES: Now who is battling with his conscience?

Mr. TUCKER: I know that statement of honesty amuses hon. members; it amazes them.

Mr. KNOWLES: Amazes is right.

Mr. TUCKER: Because, of course, they are so ready to take their conscience out of the corner and kill it, voting for everything they are told to vote for, that any simple statement of fact surprises them. I want to say that on this particular principle I would gladly vote to take out this three per cent principle because I never believed in it and do not believe in it now. But there is more than that involved—other useful sections of this act; and also my hon. friends know very well that this is parliamentary government, and I would rather have—

Mr. KNOWLES: Who is battling with his conscience now?

Mr. TUCKER: —the Liberal party, with its great past and its record in the provision of social security in this country, unemployment insurance, old age pensions—

Mr. GRANT: And family allowances.

Mr. TUCKER: Yes, family allowances, prairie farm assistance and all those great measures, not forgetting its programme, which it laid before the dominion-provincial conference, with all that it offers in the way of security to the people, health insurance, and so on—

Mr. KNOWLES: When?

Mr. TUCKER: I would rather have the Liberal party, which has not hesitated to lay that programme before the people, and which is ready to stand and fight for it, as no other party is doing to-day—I would rather have that party in power than any other. I hear it said by some people: "Why don't you call another conference?" Well, why do not those people who are talking say what they would like to do at such a conference?

Mr. KNOWLES: Why doesn't the government go ahead and act?

Mr. TUCKER: There speaks the dictator, Mr. Speaker. There is the dictator speaking. Why doesn't the government go ahead and act, with the provinces unwilling to agree? Yes. The hon. member would act all right; I have no doubt about that. He would tell them what to do.

Mr. KNOWLES: The people of Canada want better old age pensions, and my hon. friend knows that.

Mr. TUCKER: My hon. friend believes in dictatorship, but the government believes in trying to get people to agree. The government believes in the constitution of the country, and not overriding it.

Mr. KNOWLES: Do the thing the people of Canada want.

Mr. TUCKER: As I said, I want it distinctly understood that when I vote against this resolution I am voting for the general policy of the government. I want to see this government stay in office because I believe in what it has done and what it promises to do, and it is the only party that has a real chance of carrying out these great programmes for the benefit of the people in the future. Let me say to my hon. friends over here who do so much talking that if this government were defeated and a general election held, they know in their secret hearts that they have no chance of forming a government in the country.

Mr. MACKENZIE: None.

Mr. COLDWELL: Sure.

Mr. TUCKER: My hon. friend over there is too honest to say "sure" with the vehemence of some of his followers. Now, what is the alternative to this government if it is defeated on a measure like this?

Mr. MacNICOL: The Progressive Conservative party.

Mr. MARTIN: There is no Conservative party.

Mr. TUCKER: Did somebody say the Conservative party?

Mr. MacNICOL: I said the Progressive Conservative party.

Mr. TUCKER: Where is it in Quebec, in Saskatchewan, in Alberta?

Mr. MacNICOL: It is strong enough in Ontario.

Mr. TUCKER: Where is it anywhere but in Ontario? Where is it in Nova Scotia, in Manitoba? Is there any hope of their forming a government without some dickering with somebody else, without some deal with somebody else, which might bring this country we know not where? Just let anyone answer me this question: What is the alternative to this Liberal party of ours?

Mr. MacNICOL: I repeat, the Progressive Conservative party.

Mr. TUCKER: Where is there any hope for the future there?

Mr. SPEAKER: Order, I would suggest that the hon. member address himself to the chair.

Mr. TUCKER: I am sorry, Mr. Speaker. When I see such anxious faces across from me, anxious to hear what I am going to say, I am prone to forget myself and speak directly to them; but I hope it may be taken that when I look at my hon. friends across the way, in spirit I am looking at the Speaker.

Mr. MACKENZIE: That is not fair to the Speaker.

Mr. TUCKER: I have hopes that the dominion-provincial conference will be reconvened and will bring forth the fruits which it should have brought forth in the first place had it not been for the opposition of certain people. I believe the only party that has any hope of putting the dominion government behind these proposals is the government of the Liberal party. I do not think there is any question about that.

An hon. MEMBER: How far behind?

Mr. TUCKER: That being so, no matter whether I like this particular little provision or not—little as compared with the bill as a whole—and I admit I do not like it; I admit I was against it; I admit that if I had ten or fifteen Liberals to support me in fighting against it, it would not be here. Where were they? They are across the floor—

Mr. KNOWLES: What an admission that is!

Mr. COLDWELL: Have you not fifteen Liberals in that party?

Mr. TUCKER: Not from Saskatchewan. I started out by saying that Saskatchewan has been a great cooperative province under the leadership of the premiers and leaders of the Liberal party of Saskatchewan since it became a province. Everybody knows where the Liberal party of Saskatchewan stands.

Some hon. MEMBERS: Oh, oh.

Mr. TUCKER: My hon. friends may make hollow laughs, but they know in their hearts that it is true. But here is the very situation that I pointed out to the leader of the C.C.F. in days gone by: that they had no hope of forming a government of Canada with a socialist party; that if he were a true Liberal or a true reformer he should join with others of like mind who are working to mould and reform the government of this country; but he saw fit to go off in another party. Now year after year and election after election they are making predictions that they are going to increase their membership. The only reason that they increased—

Mr. BURTON: It is gaining all the time.

Mr. TUCKER: Let us admit that was so in Saskatchewan. But when they went to the people did they not have a member from Ontario? They lost the only member they had. They had a member from Nova Scotia; they have him yet. They had some members from British Columbia whom I know well; they are not here. The only place in which they really gained was in Saskatchewan; it was a temporary gain, a gain based upon the troubles that we went through.

Mr. COLDWELL: What about Manitoba and British Columbia?

Mr. TUCKER: I would say to the leader of the C.C.F. party that he knows in his heart that his increase in membership from Saskatchewan is not based upon an actual acceptance of the doctrines of his party by the people of that province.

Mr. COLDWELL: Who said so?

Mr. TUCKER: He knows in his heart it is true that Saskatchewan is not socialist; that the farmers of Saskatchewan are not socialists. He knows that his party there is a very ephemeral thing.

Mr. COLDWELL: No.

Mr. TUCKER: Yes, he knows that; that is why he is talking all the time of going back to the Liberal party himself.

Mr. COLDWELL: He is not going back to the Liberal party; you wish he were.

Mr. TUCKER: There is the situation. And when I am asked whether I would rather take the great programme of our party in the past and its great programme looking to human betterment, human security, human welfare in the future, or by my vote attempt to turn the government out of office in these crucial times in our nation's history, I say that I will vote with the government in this, although I do not agree with it on this one

point, rather than turn this government out of office.

Mr. KNOWLES: What did you say about conscience?

Mr. TUCKER: But I will say that I shall reserve the right in the days ahead to ask for a change in this section, and I hope—

Mr. KNOWLES: Now is the time to vote against it.

Mr. TUCKER: I hope that as a result of my work in Saskatchewan I shall send back or help to send back to this parliament fifteen or twenty Liberals.

Mr. KNOWLES: What a hope!

Mr. TUCKER: Who will sit within the Liberal party of this country to help to make it an advanced reform party and government which will set the pace for Liberalism throughout the whole world in fighting for the common man.

Mr. KNOWLES: Who is whistling in the graveyard now?

Mr. TUCKER: We in Canada are going to draw the line between the people who say that the hope of the future is in state control, state domination, and those who say that it is not. We are going to turn our faces definitely against that teaching, as they are doing in western Europe.

Mr. PROBE: Try it in an election.

Mr. TUCKER: Yes, I shall try it in an election, and with great success, I hope, because it is truth.

Mr. KNOWLES: When are you going to take the chance?

Mr. TUCKER: Already the truth is being realized in western Europe and in Great Britain. For example, the young people in the universities of Great Britain are realizing that socialism is the way back to dictatorship, the way back to absolutism, and that the hope of the future is in Liberalism, in reforming our present system. I say to you, Mr. Speaker, that the wave of the future is with us, the hope of the future of mankind is Liberalism, not in the hateful system of state dictatorship and state control. I will not support that sort of thing. I pin my faith to Liberalism, the hope of the future.

Mr. CLARENCE GILLIS (Cape Breton South): I am sorry that the time of the house has been wasted for the last forty minutes—

Mr. McCANN: Take another guess.

Mr. CHEVRIER: You think so.

Mr. BRADETTE: It is going to be properly used now.

An hon. MEMBER: Wasted for the C.C.F.

Mr. GILLIS: —and I trust that I do not hear any more from the other side of the house until the close of the session about sitting until twelve o'clock midnight in order to conclude our business.

The speech just made by the aspiring premier of Saskatchewan—

Mr. MACKENZIE: You mean "inspiring".

Mr. GILLIS: —was completely out of order. It had nothing to do with the motion before the house. I think that ninety-nine and a half per cent of what he had to say—

Mr. McCANN: Is true.

Mr. GILLIS: —would have done him a lot more good in his ambitions to beat the C.C.F. in Saskatchewan than it will on the record, having in mind the discussion of this morning. There is one thing which encourages me greatly in his prediction. I saw him stand in his place in the house and shake his fist at us and say that Tommy Douglas would never become premier of Saskatchewan.

Mr. TUCKER: I rise to a point of order. I never said such a thing, and I defy the hon. member to show that I did. I think he should not resort to that sort of thing to score a point.

Mr. GILLIS: I imagine—

Mr. SINCLAIR (Vancouver North): You are imagining, all right.

Mr. GILLIS: —that under the leadership of the hon. gentleman who just gave us a demonstration of hysteria—

Mr. McCANN: No.

Mr. GILLIS: —the province of Saskatchewan or any section of the country would be in danger, in my opinion. Those who lead people must at least have stability themselves, and we certainly did not get a demonstration of stability by the injection of the kind of discussion which was carried on on this particular question.

I am a member of the C.C.F. party. I think I have as much intelligence as the hon. member who has just spoken.

Some hon. MEMBERS: You think so; does anybody else think so?

Mr. GILLIS: I carefully examined its platform and I have no illusions as to

where it is going. I want to tell the hon. member that during the past two years many overtures were made to the C.C.F. party by the communist party.

Mr. TUCKER: They will get you yet.

Mr. GILLIS: And on the eve of the election—

Mr. MacINNIS: Whom did they support in the last election?

Mr. GILLIS: On the eve of the election we threw their proposals in their faces, because we have no illusions as to what their programme is.

Mr. TUCKER: The government in Saskatchewan is employing communists to teach the people of that province.

Mr. GILLIS: Let me remind my hon. friend that the communist party were largely responsible for sending back to this house many hon. members who sit over there. You had an official alliance with them. There are very strong rumours that you paid most of their election expenses.

An hon. MEMBER: Who paid yours?

Mr. GILLIS: I paid them myself.

Some hon. MEMBERS: Oh, oh!

Mr. GILLIS: That rather surprises you fellows, because most of you got your election expenses either from St. James street in Montreal or Bay street in Toronto.

Mr. BRADETTE: You know nothing about it.

Mr. GILLIS: I know this, and I can speak with authority on it. I had one of these commie boys running against me. I know he would take the air and tell the electors, "If you don't vote for me, vote for the Liberal candidate." The Liberal candidate would take the air and make the same statement: "If you don't vote for me, vote for this other fellow." I know your agents worked together at the polling booths.

Mr. TUCKER: I venture to say that no Liberal candidate in Canada did that.

Mr. GILLIS: I am telling you it was done in my constituency.

Mr. TUCKER: What was the name of the Liberal candidate who said that?

Mr. GILLIS: He was the official candidate; you had him in this house at one time. I can show you the newspapers during the North Grey by-election; I can show you almost every known communist in Canada, members of their national executive, in newspaper advertisements paid for by the Liberal association of that riding advocating the election of the Liberal candidate. You see, when you make statements of that kind, as I said a moment ago, you do yourself a disservice.

Mr. TUCKER: Will you explain the difference between your party when it finally gets everything socialized, and the communist party?

Mr. GILLIS: All the difference in the world.

Mr. TUCKER: Just different people, that is all.

Mr. GILLIS: No; the difference is this. We believe in parliamentary government. We are prepared to fight for it. We do not intend to throw any of its principles overboard on the eve of an election, or at any other time, as you have demonstrated you are prepared to do.

Mr. TUCKER: When you get an all-powerful government what will be the difference?

Mr. GILLIS: Mr. Speaker, I had no intention of getting into this sideline discussion. When the hon. member for Rosthern (Mr. Tucker) was waving his arms so energetically —he has undertaken a difficult task, as he well knows—he reminded me of Nero fiddling while Rome burned, because this country is in a sorry mess to-day. I am not concerned about party tags. I am concerned about some honesty in the application of government to the problems that confront us. I am going to say this, with regard to the question of taxing cooperatives. I am afraid that if any hon. members over there believe in a continuation of the cooperative movement in this country, they are taking the initial step to kill it. In this legislation you are definitely classifying the cooperatives as profit-making organizations and corporations. When the McDougall commission sat, they did not have a precedent like this before them. They examined the question as it really existed and brought in recommendations which in my opinion were fair and reasonable. The crux of the whole matter is this three per cent and the classifying of cooperatives as profit-making organizations. If another commission sits —and there will be another—this is the thin edge of the wedge driven in by those who want to destroy the movement; for when the next commission sits on this question it will be placed in the position, whether it likes it or not, of saying that the government of Canada by this legislation has already classified the cooperatives as profit-making organizations. Then it will go on and take the next steps to tax them as such, and will gradually force

them out of the picture. I have no illusions as to how far this step goes. Neither do I doubt that many hon. members who may not have been actively associated with these organizations think this is only a gesture, and that it is going to stop there. It is not. As I see this legislation it is going to preclude the payment of patronage dividends by most of the organizations across Canada, if they are required to set aside that three per cent.

Mr. TUCKER: No.

Mr. GILLIS: That may not be the intention.

Mr. MARTIN: And it will not be the result.

Mr. GILLIS: But based upon these recommendations there will be regulations, and unfortunately neither the hon. member for Rosthern nor the hon. member for Essex East (Mr. Martin) will be administering that legislation. You are merely developing another tangle that will have to be untangled by a commission later on. You are setting a precedent that is going to tie your hands. That is all.

The test of whether or not you believe in cooperatives is going to be very simple this morning. The hon. member for Rosthern cannot say that he thinks they should not be taxed. I judge that he is opposed to this particular legislation; but he admits that the party whip places every member over there in the position that he has to support the government.

Mr. MACKENZIE: The party whip has gone home.

Mr. GILLIS: Nevertheless the principle is there.

Mr. TUCKER: If I may ask the hon. member one question, does not this legislation exempt patronage dividends from taxation, and is it not a fact that if the legislation does not go through they will be subject to taxation?

Mr. GILLIS: No, I do not interpret it in that way.

Mr. TUCKER: Well, that is the case.

Mr. GILLIS: And unfortunately those who are writing these regulations may not interpret it in that way either; they may see it the way I see it and apply it in that way.

I just want to make the point that I think the time has come in this parliament when members should be prepared to show their independence. I would not care what the members of this group thought about any question; if I thought it was wrong I would get up and say so and vote against it. I believe, as the hon. member for Rosetown-Biggar (Mr. Coldwell) said, the question we are now considering is a bigger issue than party labels. I believe we should exercise our own discretion freely on this matter, and if we do not think it is right we should not vote for it. Any hon. member who votes for the motion is merely asking for reexamination of the question, for the postponement of a decision, for the matter to go back to be further considered and, following that further consideration, to be brought back to this house. Any revenue the government is going to get will not amount to anything, but in my opinion they are establishing a principle that is going to halt the cooperative movement in this country, while in the case of the consumer stores it is apt to bring about a price war. It is the principle of the thing that should be sent back for reexamination. You can get up and try to excuse yourself any way you like, but the test of the matter this morning is whether you vote for it or against it, because in my opinion if we pass this legislation here to-day we are driving in the initial wedge that is going to halt the expansion of this movement in the country.

Why am I so anxious that this should not be done? The hon. member speaks about communism. I am just as much opposed to communism as he is, and I know perhaps just as much about it.

Mr. TUCKER: So was Kerensky against communism in Russia.

Mr. GILLIS: Well, we have had the lesson of Kerensky, and we have learned something from it.

Mr. TUCKER: We should have.

Mr. GILLIS: We have.

Mr. TUCKER: I think the people have.

Mr. GILLIS: There is only one alternative in this country, in my opinion; that is, you have to start lifting up your people. Give them a start. Give them some ownership. Give them a chance to drive their roots into the soil. Give them a stake; and in the cooperative movement they have that opportunity. I have heard many people, not Canadians at all but from outside Canada, after looking over the cooperative movement in this country, with particular reference to that movement in Nova Scotia, say that it was building in this country the basis for a new order, and that to destroy it would be to destroy the only alternative to what Stalin has to offer. We have to consider that very carefully, because if this wedge is driven in and that movement is disrupted, that movement which offers a middle course, the alternative may be violent revolution and the overthrow of everything we know that is clean

and decent. If we pass this legislation we are going to harm people who have sacrificed a great deal for the cooperative movement, because there is a storm of protest from every cooperative leader in this country as well as the rank and file of the movement, by letter, by telegram, by brief and in every other way. This is going to be looked upon as a hostile act on the part of the government in behalf of the larger monopolies in this country, to smash the only bulwark that exists to-day to guard the consumers against a small group at the top who have control of everything in the field of distribution. That is the principle, as I see it, in the two sections concerning which the amendment has been moved. I suggest to anyone who believes in it and who wishes to go forward in a democratic way in this country, that a reexamination of those two sections is necessary. Everyone should exercise his own judgment, and should vote without regard to party labels.

Mr. F. S. ZAPLITNY (Dauphin): Mr. Speaker, I shall be brief. However, while the hon. member for Rosthern (Mr. Tucker) was speaking, I had occasion to consult the record to see how accurate he was in some of his statements. First of all I would refer to an editorial in the Winnipeg *Free Press,* a paper which is known not to be particularly hostile to the present government. In giving an account of the recent convention of Saskatchewan Liberals, at which the hon. member was chosen provincial leader, it has this to say about the new platform of the party. First of all it says:

> For what happened? The Liberal party convention moved to the left.

And then it goes on to say:

> Three-quarters of the resolutions adopted, by actual count, might just as well have been passed by a conclave of C.C.F.'ers.

Mr. TUCKER: They stole our platform when they started. Then they added socialism to it, and that was what I found fault with.

Mr. ZAPLITNY: I am not going to argue about who is doing the hijacking in this case, but it appears evident that for some reason or another the Liberal party of Saskatchewan has changed its leadership, and changed its policy, too. In which direction did they go? They went to the left. Those are the words in the editorial of the *Free Press,* which I believe the hon. member will accept. If he denies that we will have to—

Mr. TUCKER: The Liberal party has always been a reform party, or it would not be a Liberal party.

Mr. MacINNIS: It always had a lot to reform.

Mr. ZAPLITNY: The hon. member for Rosthern has been almost an hour setting up straw men and knocking them down, and in that time I believe he made many statements which he will have reason to feel sorry for. One of them was when he accused the Saskatchewan government of leading toward a dictatorship. I never heard anything more ridiculous or nonsensical in my life. Here is a government that has been in power a little over two years, and has already had three by-elections. It has given the people of Saskatchewan three opportunities either to endorse or condemn it. And, incidentally, it won all the three by-elections in which the Liberals participated—

Mr. TUCKER: All former C.C.F. seats.

Mr. ZAPLITNY: It is not as though the government were not giving the people an opportunity to throw them out of power. Only recently the premier of Saskatchewan made an offer to the hon. member for Rosthern for which the hon. member does not seem a bit grateful, or even gracious. The premier offered that as soon as any of the Liberals in Saskatchewan saw fit to resign, thereby leaving a seat for the hon. member for Rosthern in a by-election, he would be glad to call a by-election immediately, in order to get the hon. member in there in a hurry, and be able to give it to him personally—which I hope he will.

Mr. TUCKER: Give what to him?

Mr. ZAPLITNY: The hon. member did not express his gratitude for that. He did not reciprocate in a good spirit of sportsmanship.

Mr. TUCKER: What is there to be grateful for? If there is a vacancy, the people should have a chance to be represented.

Mr. ZAPLITNY: I should have thought that the hon. member would be a good enough sport to show some appreciation to the premier of Saskatchewan for what was offered by him.

Mr. TUCKER: I will get there in due course.

An hon. MEMBER: That's what you think.

Mr. ZAPLITNY: But it is going to be a zigzagging course, I can see that.

The hon. member talked about Saskatchewan as though it was the only province in Canada interested in cooperation, and that the issue was being fought out only in

Saskatchewan. May I inform him that the issue is nation-wide. It affects also the province of Manitoba, from which I come. Where does the Liberal party in Manitoba stand on this question? I have not a full record respecting every member from that province, but I have a letter in my hand which was written to the hon. member who represents Brandon constituency. This is written by the acting secretary of one of the credit unions in Manitoba. I think I should put it on record, because it shows where at least one of the Liberal members from that province stands. The letter is addressed to J. E. Matthews, M.P., Brandon constituency. It is dated at Virden, Manitoba, July 26, 1946, and sates:

> At a meeting of cooperative representatives of the organizations named, the enclosed resolution was passed and forwarded to the M.F.A.C. for copies to be sent to all Manitoba members. We believe this to be a very vital matter and have certainly no intention of meekly accepting a brushoff, as your letter replying to the one submitted by myself from Hargrave Cons. Co-op. was considered. The meeting to-night wished you to know they were not satisfied with your answer and will request your attendance at a meeting this fall to account for what happens in this proposed legislation. This committee represents approximately one thousand voters in this area and desire an accounting.

That sets out where at least one of the Liberal members from Manitoba stands on this question. Apparently he gave the co-operatives the brush-off, to use their own expression. And that is what the hon. member for Rosthern tried to do to-day: He tried to give the whole house the brush-off. He got up to discuss the amendment moved by the leader of the opposition (Mr. Bracken), and after talking for more than forty minutes, trying to tell us what to do about it, he ended up by saying, "I do not know what I am going to do." I do not know what kind of leadership that is.

Mr. TUCKER: I did not say that. I said I had difficulty in making up my mind.

Mr. ZAPLITNY: I took his words down when he said it. He said, "I do not know what I am going to do." Now, if he tells the people of Saskatchewan that he does not know what he is going to do, he is not going to get very far.

Mr. MARTIN: That is honest leadership.

Mr. ZAPLITNY: It may be honest leadership, but I am reminded of the Nimrod who said that if you aim at nothing you are sure to hit it.

Then there is one other thing I want to refer to, and that is that the cat is finally out of the bag—and it is not the same tom-cat referred to yesterday. Yes, the cat is out of the bag. The hon. member for Rosthern raved about Liberalism and tried to leave the impression that if it had not been for the Liberals on the other side of the house there would be chaos. Well, we have them both. But what I want to point out is this, that a little later on he admitted there were not even fifteen Liberals on that side of the house.

Mr. TUCKER: From Saskatchewan.

Mr. ZAPLITNY: Because he said if he had fifteen supporting him—

Mr. TUCKER: I said fifteen Liberals from Saskatchewan.

An hon. MEMBER: No, you didn't.

Mr. ZAPLITNY: No; if I heard the hon. member rightly he tried to correct it by saying that he meant Liberals from Saskatchewan.

Mr. TUCKER: I said "with me", and I meant from Saskatchewan.

Mr. ZAPLITNY: Oh, I did not know there were different brands of Liberals from the different provinces in Canada. I thought if they were Liberals, they were all Liberals.

Mr. TUCKER: There are certainly different brands of C.C.F.'ers.

Mr. ZAPLITNY: He wants the Saskatchewan brand in here. I am afraid he is going to be disappointed.

Mr. TUCKER: Do you all think alike over there?

Mr. ZAPLITNY: That is a serious charge, and I wish to protest to him on behalf of the rank and file Liberals on the other side of the house. Such an insult should not be thrown at them. Just imagine being insulted by the aspiring—or perspiring—leader of the Saskatchewan Liberal party when he tells his colleagues that they are not Liberals any more! What are they, if they are not Liberals?

Mr. TUCKER: I did not say that.

Mr. ZAPLITNY: You implied that. You said there were not even fifteen there.

Mr. TUCKER: From Saskatchewan. You jump at a half truth like a cat at a mouse.

Mr. ZAPLITNY: I have no intention of playing cat and mouse with the hon. member.

One more thing in closing which I also consider was a mistake on the part of the hon. member. He seemed to take advantage of the occasion to take a few stabs at the leader of this group when he asked him why

he did not come over and join with the Liberals, why he did not try to reform them from the inside.

Mr. TUCKER: I was just gently pleading with him.

Mr. ZAPLITNY: Apparently we cannot both speak at the same time unless we say the same things. I do not know with whom he would join over there if there are no Liberals left. I should like to know how the hon. member can invite anyone to join the Liberals when he admits himself that there are no more than fifteen of them left on that side of the house.

Mr. MARTIN: He did not say that.

Mr. ZAPLITNY: Read *Hansard* to-morrow. The situation is clear after this long debate. The hon. member for Rosthern admits that any member on the other side who was a true Liberal, and there seems to be precious few of them left, would have been opposed to this legislation in the first place and then it would never have got on the order paper. The answer seems to be that the great majority of the members on the other side have deserted Liberalism, have gone reactionary and are trying to snuff out the cooperatives.

Mr. LOW: Mr. Speaker, on a point of order, I have been under the impression that we were to discuss the third reading of bill No. 368, to amend the Income War Tax Act, and not take part in the battle of Saskatchewan. While the battle of Saskatchewan has been interesting up to this point, it is beginning to wear a bit. I suggest that you call hon. members to order and see that the business of this house goes forward as it should.

Mr. SPEAKER: The house is considering the third reading of bill No. 368, to amend the Income War Tax Act, and I would ask hon. members to see that the discussion is relevant to the bill before the house.

Mr. GLEASON BELZILE (Rimouski) (Translation): Mr. Speaker, we have a very fine spectacle in this house to-day. The Progressive Conservative party, which has always been the friend and the supporter of private enterprise, to-day takes up the cudgels on behalf of the cooperatives. The anomaly is not so great as it would appear at first sight, because if we consider some powerful organizations from the west, especially the wheat pools, we are less surprised. There is no doubt that such organizations are included in those bodies which can be called big business trusts.

I rise in defence of the Liberal party's policy in this respect. I do so with the conviction that bill No. 368 which is now before this house, can on the whole in no way harm the cooperative movement in Canada and particularly in the province of Quebec.

I am a supporter of the cooperatives. I was brought up in that movement and it is a source of deep satisfaction to me to recall that, as early as 1908, my father, Notary Belzile, of Rimouski, established the second credit union in the province of Quebec.

I shall not go so far as to say that the cooperative idea is a religion to me, but it is certainly part of my economic and political creed. I have studied the cooperative movement for a long time, and I have realized how beneficial it can be to our province and to the country at large. Therefore, when the resolution was first introduced in this house, I made it a point to study it most carefully.

The matter gives rise to much controversy. Some people are in favour of the taxation of cooperatives; others hold an opposite view. All bring up arguments according to their point of view, and they cannot but be conflicting. However, there is one point on which there seems to be general agreement, and it is that in certain cases cooperatives are business ventures and their income must come directly under the Income War Tax Act. They make profits, and this is generally admitted. All transactions between the cooperatives and non-members represent income derived from their investments.

Without any doubt, in the case of operations between members and non-members, there is direct competition with ordinary business concerns, and the reason why the campaign for their taxation was launched lies in the fact that for several years some cooperatives have repeatedly resorted to that method of doing business.

Numerous representations have been made to the government which has duly considered them and taken action. They have appointed the McDougall commission and conferred on it well-defined powers. The members of that body have been chosen from all walks of life. They are Mr. Justice Errol M. W. McDougall, Mr. B. N. Arnason, of Regina, at present deputy minister of the cooperation department in the Saskatchewan government; Mr. G. A. Elliott, of Edmonton; Mr. J. M. Nadeau, a well-known economist from the city of Montreal, and Mr. J. J. Vaughan, of Toronto.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. BELZILE: Mr. Speaker, before the one o'clock recess, I explained that the government, in reply to the representations that had been made to them in connection with the taxation of cooperatives, had appointed a commission. I gave the names of the members of that body. However, I wish to emphasize the personality of Mr. Arnason. He is an expert on the cooperative movement, and is well qualified to propound its ideas and aspirations. He is at this time deputy minister of the cooperation department in the C.C.F. government of Saskatchewan. The commission has conducted an inquiry throughout the country. It has had a great number of public sittings. Many briefs—more than 175, I believe—were submitted for its consideration. After sitting in many places from Vancouver to Halifax, three of its members have even made a trip to England in order to make a survey of the cooperative movement in that country. They have met British experts in London, Liverpool and Manchester. The object of that trip to England was to ascertain the effect of taxation on the cooperative movement there. As everyone knows cooperatives are taxed in England. In September, 1945, the commission submitted its report. It was unanimous, which is rather surprising, if we consider the opinion of the various members, and the fact that their occupations were quite dissimilar. Its recommendation was to the effect that cooperatives should be taxed. It stated as follows:

> We are of the opinion there is no general class or group of cooperative associations in Canada to-day whose income should be declared not to be liable to taxation . . .

That was the unanimous opinion of the commission. The situation which the commission had to investigate was this. In 1930 the Income War Tax Act was amended by the insertion of section (4) (p), whereby cooperatives were exempted from the income tax. According to a quite authoritative legal construction that provision did not imply complete exemption. Under that interpretation of the clause, the cooperatives could be taxed. As a result, some important western organizations have been advised that they would have to pay income tax. The cooperatives who were so advised have disputed the construction placed on section 4 (p) and they have brought the matter before the courts, where it is still pending. In view of that imbroglio, the commission deemed it necessary that section 4 (p) be repealed and it made in its report a recommendation along that line that was also unanimous. It stated:

> As a result of the ambiguities of language and the difficulty of administering the section, we are of the opinion that the section, in its present form, cannot survive the attacks made upon it. In suggesting its repeal, we do so in the consciousness that enterprises which are truly cooperative in organization and operation, have no need of the exceptive provisions thereof. If they make no profit they are not taxable. Those associations which do not so qualify, should not be accorded a blanket exemption to which they are not otherwise entitled.

That was the unanimous report of the Commission and even Mr. Arnason endorsed that principle. Consequently, the Government has proposed the repeal of section 4(p). Before that recommendation, the position was this: under that interpretation of the act, the cooperatives were liable to the income tax—they have been so taxable since 1931. No prescription can be invoked against the government. A claim for taxes does not lapse in favour of the rate-payer. That is a well known law principle. Therefore, in opposition to the representations made by the cooperatives, the government deemed it necessary to make the latter liable to taxation, and I think they were right. The principle underlying taxation is that equal treatment should be meted out to all taxpayers. Under no circumstances can there be any discrimination as between the various taxpayers. If it is admitted, as the commission did admit, that some of the operations conducted by cooperatives are of a purely commercial nature, and that they compete directly with private concerns, it is obvious that the exemption of cooperatives from taxation would mean a discrimination, and under certain circumstances, an injustice which could not but give rise to discontent. Under the provisions of the provincial laws that apply to cooperatives, the latter are corporations and their members or shareholders are responsible only for the unpaid amount of their subscriptions or shares. The corporation is a person as distinct from the individuals who belong to it. Under the law, the establishment of a cooperative creates a legal entity that is new and distinct from its promoters; it has rights and obligations different from those of its members. It is "a person" as defined in the Income War Tax Act. Its members only have a limited responsibility, which places them on a par with the shareholders of a company. In its operations, the cooperative resorts to the usual business methods; if its operations bring no surplus the cooperative has no income and therefore is not taxable. But if its operations show a surplus, it is an income within the meaning of the law, and that income is therefore

taxable. We have to consider where the income ultimately goes; it is a matter of distribution or non-distribution. If the income is distributed, it becomes an income for the shareholder who receives it, and as such it is liable to taxation in the hands of that shareholder. If the income is not distributed; if on the contrary, it is put, by some method or other, into the capital of the cooperative, such action on the part of the board of directors does not change the nature of the income. Consequently, it remains taxable, but in this instance, in the hands of the cooperative. If, out of the income of a taxpayer an amount is put into some kind of fund and that amount is said not to be taxable, this constitutes an inequality as regards the rate-payer and, of course, in the case of all the taxpayers in this country. Such is, in essence, the principle underlying the taxation of cooperatives, and I think it is fair.

To sum up my argument, I may say that the cooperatives are organizations whose immediate object is the elimination of middlemen's profits.

No one will gainsay this statement of principle. Therefore, they operate in order to realize these profits for themselves; and the commission is very clear on that point. Then the cooperatives must pay the tax on the same grounds as the middleman with whom they compete,—if they have profits, of course. To exempt them would be a discrimination in their favour, as far as the law is concerned. Such an exemption would be of no particular advantage to the public at large and its burden would fall proportionately on the rest of the taxpayers, which would give rise to dissatisfaction; as I said a while back, it would be unfair.

In order to implement the McDougall commission recommendations, the government has submitted, with the budget, a certain number of resolutions. These resolutions, as is now generally known, relate to three different subjects. They exempt credit unions, but bring mutual fire, life and accident insurance companies under taxation, except church mutual associations. As for ordinary cooperatives, the commission declared that those that were making profits had to pay the tax, while those that did not were exempt.

These resolutions have given rise to numerous representations from the cooperatives of the province of Quebec.

A large number of representations were submitted to me from supporters of taxation, on the one hand, who pointed out that the government was most generous towards the cooperative movement, in fact, too magnanimous in their opinion. Other representations were put forward by cooperatives complaining of the treatment meted out to them. The problem thus put on a dual aspect, and the two opponents assailed the recommendations of the commission which were incorporated in the budget resolutions.

As I said a while ago, I am in favour of cooperatives. Indeed, a group of members from rural districts submitted representations to the government. We explained that equal distribution of patronage dividends to members and non-members alike might foil the development of the cooperative movement. In fact, since one need no longer be a member of these organizations, that is, need run no risks and assume no responsibilities to draw patronage dividends, non-members would no longer have any incentive to join such an enterprise. These representations, put forward by the cooperatives of my province, were justified. We submitted them to the Minister of Finance (Mr. Ilsley) and to the officers of his department, and they understood our grievances. We also pointed out to the government that the six months delay set for the payment of patronage dividends was too short. In fact, some of our cooperatives, and more especially the creameries and others whose activities are of a rather seasonal character, need most of their funds in the spring. We pointed out, therefore, that under the circumstances, a twelve months period was essential. Here again the government agreed to our representations.

As to cash payments, no more than a method of administration is involved. The cooperative need only, in some way or other, credit the shareholder with the patronage dividend to benefit from an exemption for said amount on which, as I said a while ago, the shareholder will be taxed. The statement of the Acting Minister of Finance (Mr. Abbott) was based on these representations.

Therefore, since the government has agreed to our proposals. I deem it my duty to support this bill. By means of this bill, and as a result of the amendments allowed, our claims are satisfied in full. It fully meets the requirements of cooperatives. Not only will it cause them no harm, but I would go so far as to say that it will help them, and foster their further development.

The present debate is probably—and even unquestionably—the greatest propaganda ever put forward in Canada in favour of the cooperative movement. It is my hope, there-

fore, that our cooperatives will appreciate the value of their movement and the advantages of communal endeavour.

But what remains of those resolutions? There remains the very object of the two amendments now under consideration: the three-year exemption clause and the one commonly described as the 3 per cent clause.

As regards the three-year clause, whose removal is sought in order to make the exemption retroactive over three years, its suppression would be unfair. There is no provision for the retroactive application of a legal measure. Legally the proposition is quite unsound. You cannot go back and exempt an organization that might have been liable to taxation.

As for the 3 per cent clause, it has been woefully misconstrued. In a generally well-informed newspaper, I have read, under the by-line of an alert financial editor, an interpretation that was quite wrong. This is what it said:

> The government wants to put a three per cent tax on cooperatives' employed capital. The application of such a measure would be comparable to taxing a farmer on the value of his chattels.

This interpretation is quite erroneous. This is not a tax on capital; it is a tax on income. It is the Income War Tax Act we are dealing with here. The 3 per cent clause is merely a basis, a schedule of taxation. We say to the cooperatives: "You are using a certain amount of capital for the purposes of your business. If you make a profit—there is no commercial profit without capital—and if this profit is greater than 3 per cent of the capital employed, you must pay income tax on your real profit. If your profit is less than 3 per cent, you are left with some income at least, with a real profit subject to taxation. Here is how the rule applies: you may not reduce an income of 10 per cent to less than 3 per cent by subtracting depreciation allowances, by distributing patronage dividends or by paying interest rates. If you bring it down to less than 3 per cent, you will be taxed on the basis of 3 per cent. In other words, if a cooperative tries to reduce an income of $1,000 to less than $300 by means of deductions, patronage dividends, interest payments and depreciation allowances, it will be taxed on the sum of $300 at the current rate. It will pay 30 per cent of $300; or $90, which is far from 3 per cent of the capital.

All in all, I believe that the cooperatives will benefit by the enactment of the present legislation. It will force them to make statutory reserves under provincial laws, to put aside certain taxable funds derived from their business profits.

I am convinced that the implementation of the act will not prove detrimental to cooperatives but will compel them to set aside reserves, thus permitting them to redeem their total debt within a period of ten or fifteen years.

The passing of this measure will lead to the establishment of a standard system of operations in all cooperatives. In such a vast country as ours, laws vary from one province to another and their terms are not uniform. As a result, operations are conducted on a different basis in various cooperatives. They will immediately profit by the adoption of a standard system. I humbly submit that, in view of the situation, the amendment introduced by the leader of the opposition (Mr. Bracken) should be rejected.

The house divided on the amendment (Mr. Bracken) which was negatived on the following division:

YEAS

Messrs:

Archibald	Knowles
Argue	Kuhl
Barrett	LaCroix
Bentley	Lockhart
Black (Cumberland)	Low
Blackmore	McCuaig
Blair	McCullough (Assiniboia)
Bowerman	Macdonnell (Muskoka-Ontario)
Bradshaw	MacInnis
Brooks	McKay
Bryce	McLure
Burton	MacNicol
Campbell	Matthews (Kootenay East)
Casselman	Menary
Castleden	Merritt
Charlton	Moore
Church	Nicholson
Cockeram	Pearkes
Coldwell	Probe
Daniel	Quelch
Fair	Ross (St Paul's)
Ferguson	Skey
Fleming	Smith (Calgary West)
Fraser	Stephenson
Hamel	Stewart (Winnipeg North)
Hansell	Stirling
Hatfield	Townley-Smith
Hazen	Tustin
Henderson	White (Middlesex East)
Hlynka	Wright
Homuth	Wylie
Irvine	Zaplitny—69.
Jaenicke	
Jaques	
Johnston	
Kidd	
Knight	

NAYS

Messrs:

Baker	Blanchette
Beaudoin	Boivin
Belzile	Bonnier
Bertrand (Laurier)	Bourget
Bertrand (Prescott)	Bradette
Bertrand (Terrebonne)	Bridges

Brown
Chevrier
Cleaver
Cloutier
Coté (Matapedia-Matane)
Coté (Verdun)
Croll
Cruickshank
Dechene
Denis
Dionne (Beauce)
Douglas
Emmerson
Eudes
Farquhar
Fournier (Maisonneuve-Rosemont)
Gariépy
Gauthier (Nipissing)
Gibson (Comox-Alberni)
Gibson (Hamilton West)
Gingues
Gladstone
Glen
Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Hallé
Harris (Grey-Bruce)
Healy
Howe
Isnor
Jean
Kirk
Lafontaine
Lalonde
Langlois
Lapointe
Laurendeau
Leger
McCann
McCubbin
Macdonald (Halifax)
McDonald (Parry Sound)
McIlraith
McIvor
Mackenzie
MacKinnon
MacLean
Marier
Marquis
Martin
Matthews (Brandon)
Mayhew
Mitchell
Mutch
Raymond (Wright)
Reid
Richard (Ottawa East)
Rinfret
Robinson (Simcoe East)
Ross (Hamilton East)
St. Laurent
Sinclair (Ontario)
Sinclair (Vancouver North)
Sinnott
Tucker
Warren
Winkler
Winters—82.

PAIRS

(The list of pairs is furnished by the chief whips.)

Abbott	Hackett
Beaudry	Adamson
Benidickson	Marshall
Black (Chateauguay-Huntingdon)	Cardiff
Breithaupt	Harris (Danforth)
Clark	Desmond
Gardiner	Ross (Souris)
Brunelle	McMaster
Ilsley	Graydon
Jutras	Shaw
King, Mackenzie	Bracken
Lapalme	Héon
McCulloch (Picton)	Boucher
Macdonald (Brantford City)	Manross
McGarry	Gillis
MacNaught	Coyle
Maloney	Drope
Maybank	Diefenbaker
Nixon	McGregor
Parent	Rowe
Picard	Jackman
Pinard	Stokes
Pouliot	Ashby
Richard (Gloucester)	Senn
Smith (York North)	Hodgson
Weir	Thatcher
Whitman	Harkness

Mr. ABBOTT: I was paired with the hon. member for Stanstead (Mr. Hackett). Had I voted I would have voted against the amendment.

Mr. LESAGE: I was paired with the hon. member for Kamloops (Mr. Fulton). Had I voted I would have voted against the amendment.

Mr. POULIOT: I was paired with the hon. member for Edmonton East (Mr. Ashby). Had I voted I would have voted against the amendment.

Mr. STUART (Charlotte): I was paired with the hon. member for Lambton West (Mr. Murphy). Had I voted I would have voted against the amendment.

Mr. SENN: I was paired with the hon. member for Gloucester (Mr. Richard). Had I voted I would have voted for the amendment.

Mr. McGREGOR: I was paired with the hon. member for Algoma West (Mr. Nixon). Had I voted I would have voted for the amendment.

Mr. CARDIFF: I was paired with the hon. member for Chateauguay-Huntingdon (Mr. Black). Had I voted I would have voted for the amendment.

Mr. ADAMSON: I was paired with the hon. member for St. James (Mr. Beaudry). Had I voted I would have voted for the amendment.

Mr. CASE: I was paired with the hon. member for St. Johns-Iberville-Napierville (Mr. Cote). Had I voted I would have voted for the amendment.

Mr. STOKES: I was paired with the hon. member for Nipissing (Mr. Gauthier). Had I voted I would have voted for the amendment.

Mr. HARKNESS: I was paired with the hon. member for Mount Royal (Mr. Whitman). Had I voted I would have voted for the amendment.

Mr. JACKMAN: I was paired with the hon. member for Bellechasse (Mr. Picard). Had I voted I would have voted for the amendment.

Mr. GILLIS: I was paired with the hon. member for Inverness-Richmond (Mr. McGarry). Had I voted I would have voted for the amendment.

Mr. DIEFENBAKER: I was paired with the hon. member for Winnipeg South Centre (Mr. Maybank). Had I voted I would have voted for the amendment.

Mr. SHAW: I was paired with the hon. member for Provencher (Mr. Jutras). Had I voted I would have supported the amendment.

Mr. HERRIDGE: I was paired with the hon. member for Bonaventure (Mr. Arsenault). Had I voted I would have voted for the amendment.

Mr. CLARK: I was paired with the hon. member for Kent, Ont. (Mr. Desmond). Had I voted I would have voted against the amendment.

Mr. McMASTER: I was paired with the hon. member for Champlain (Mr. Brunelle). Had I voted I would have voted for the amendment.

Mr. BRACKEN: I was paired with the Right Hon. Prime Minister (Mr. Mackenzie King). Had I voted I would have voted for the amendment.

Mr. GRAYDON: I was paired with the Right Hon. Minister of Finance (Mr. Ilsley). Had I voted I would have voted for the amendment.

Main motion (Mr. McCann) agreed to, and bill read the third time and passed, on division.

The house having reverted to the order for motions:

INDUSTRIAL RELATIONS

CONSIDERATION OF SECOND REPORT OF STANDING COMMITTEE—MOTION FOR CONCURRENCE

Mr. MAURICE LALONDE (Labelle) moved:

That the second report of the committee on industrial relations, presented to the house on Saturday, August 17, 1946, be now concurred in.

Mr. A. L. SMITH (Calgary West): Mr. Speaker, in order to restore the house to its usual state of complacency may I say that I rise to support the motion of the hon. member for Labelle (Mr. Lalonde). Inasmuch as I had something to do with the beginning of this committee, or at least having it set up, I assure the house, as I did then, that I intend to consider the matter objectively and without heat.

I hope that you, sir, and the house, will see the distinction between my method of approach and that which we saw this morning. What happened this morning reminded me of the churches we used to have in western Canada, where a boy would pump wind into the pipe organ to make it go. I was one of those boys; we worked in relays. This morning I heard an organ playing with all the stops pulled out and there were at least two boys applying the wind. I trust that I shall not fall into that position this afternoon.

I cannot begin without complimenting and commending our chairman. I realize that it is not a compliment to a chairman of a committee to congratulate him upon his impartiality—the chairmen of all committees in this house surely must be impartial—but I do want to compliment him upon the way in which he administered that impartiality, creating a basis of action which reached a new high both in dignity and generally in the conduct of the proceedings of a committee.

I should like to say something about my fellow members on that committee. My experience in the House of Commons is limited to two sessions, the one which has gone and this one which, let us hope, is passing. Having sat on a number of committees, this was a new experience to me. I think all the thirty-five of us who were there were deeply impressed by the seriousness of the situation—except for the odd momentary outburst which was confined to the first two days in our forty-nine sessions, and we had that many. There was no sign of anyone seeking political advantage. They were a bunch of grand men trying to do something for their country.

In saying this I must also include the members of the press gallery who so fairly and fully reported this matter across Canada. But in saying that to them I stop short of the editorial chairs of the papers of this country. I say about those people, some of them only of course, that I do not envy them their position sitting on their air-cushioned seats in their ivory towers continuing this two-fingered clacking on a typewriter which has lulled them into such a sense of somnolence that they cannot stand the accouchement of a new idea. It is very easy in that position to be always criticizing, but they have been unable to give birth to any new ideas. We have found that throughout the course of the sittings of this committee in some of the newspapers in this country.

I intend to deal briefly with this question of industrial unrest, and in doing so I go away back to the time perhaps when a member of the tribe from rocks and wood fashioned the first instrument of destruction. The creation of the first knife was by an individual for the chief. That was because of industrial unrest, a seeking to get along. We have that

now, and I hope we always will have industrial unrest, because therein lies ambition and therein lies improvement. The maker of a mousetrap seeks to make a better mousetrap, and the man who does the work seeks always a larger portion of that dollar which is brought forth by the mousetrap once it reaches the consuming public.

I am anxious to make a clear distinction between industrial unrest and industrial chaos, because that is the position this country is in at the present time. Perhaps here it might be advisable for me to tell the house of a message I have just received. It is supposed to be a Canadian Press message put out about fifteen minutes ago. It indicates that the gates at the steel plant at Hamilton have been opened and that traffic is moving freely back and forth into and out of that plant.

Mr. GILLIS: Have they taken off the picket line?

Mr. SMITH (Calgary West): I shall read this. It reads:

After first paragraph saying picket line open on authority Stelco, Canadian Press then on own authority says (in paraphrase).

Autos filled with Stelco employees passed through gates escorted by city police.

At least ten cars filled with employees entered the plant.

"We want to stop them, but what can we do?" a picket captain was quoted. The constables told us they have a legal right to go in and out of the plant.

A meeting of union executives was called at the main gate to decide the next move.

A thirty-year employee of Stelco is quoted by Canadian Press as saying that 900 men have telephoned Stelco officials to ask that they be given work.

The growth of the labour movement in the civilized world has been an amazing growth. It has been a splendid growth and, broadly speaking, it has been a very proper growth. But as we know, in all growth sometimes we find a canker, and attached to labour—I do not want to be criticized until I finish this sentence—at the present moment is the canker of communism. I say that that is no part of the labour movement; it is a political movement boring into labour movement, seeking by the instillation of fear, by the preaching of false doctrine, with the ultimate goal of a general strike, to grasp and hold completely political and executive authority in the Dominion of Canada. That is admittedly the end sought by the communist party in this country.

The mere fact that they have sought to go where there are masses of men is not a criticism of those men and the labour movement. It is something which they themselves—on our committee I know there were two men holding union cards, and they were not in my party—are fighting, and have been fighting—there are three individuals because I am looking at another one—in a constant battle against that subversive political movement. It is unfortunate that they have made some progress, but I say that the heart of the labour movement is still sound. It beats with a rhythm both healthy and patriotic. It seeks for itself, and it justly seeks its proper place in our Canadian economy. The action of labour—there were a few blow-offs here and there—throughout the whole war was complete proof of what I have just said, and of the basic soundness of labour in this country. There were excesses, but I am quite sure that there always will be. We must remember when we speak of excesses in the actions of labour that they are no greater and no more than those that occur in other segments of our Canadian economy. I do not care whether you come from agriculture, from the dairy men, from the stock men, from the owners or from the manufacturers, it does not do for you just to speak of one segment of our economy and say: You are blameworthy because you have gone to excesses in the normal conduct of your business.

I must say that I was greatly impressed by one remark made by Mr. Pat Conroy when he was giving evidence during the sittings of the committee. I think I have him accurately, and he said this: "It is plain that aside from this continent all the rest of the world has gone or is going either socialistic or communistic." It seems to me that that is a thought which we in this House of Commons and in this dominion may well ponder. If you look over the map of Europe, if you look over the map of Asia, what Pat Conroy said, gentlemen, you will find is true. Therefore it behooves us here, if we are to continue our way of life—I do not like ordinary expressions, but there is no better one than that—if we are to continue our methods of doing business, to look beyond our immediate business and the colour of the ink at the end of the year in our ledgers, and realize that we have three important interests in this country—the employer, the employed and the consumer, and unless we can find a place where they shall be satisfied, then indeed are we in danger of wrecking all that we so long have held so dear.

Now what of labour organizations? It began of course with the craft unions, and those unions generally speaking were gathered together under the American Federation of Labour. Then we had the Committee of Industrial Organization: you remember that it was set up by Mr. Lewis, and then Phil

Murray took over from him, then they quarrelled, and now Mr. Lewis and his coal miners are back with the American Federation of Labour. But the thing was new. It was not an organization of labour by craft; it was an organization of labour by industry. In that it was comparatively new, and with that new method of organization new and sometimes reprehensible methods were adopted. We are fortunate indeed that until very recently we in Canada have been free from such methods. But it must be remembered that these unions are new unions. They are having or they will have their growing pains. That of course is obvious. It is also true that they are largely composed of and certainly led by younger men without much experience in the labour movement. The hon. member for Cape Breton South (Mr. Gillis) explained that situation very well and very clearly to us in our committee. So, growing so quickly, troubles have developed.

On the other side of the picture, what is the position of capital? I make this simple statement to you, that if capital had always been fair to labour there would be no need for the organization of labour. That is a very simple statement which I defy anyone to contradict. Even in recent years what has happened? The market falls off, and men are laid off by the thousands. It is all right to talk about high hourly pay, but if the work is not there so that at the end of the year a man may add up those hours when he did work to provide a decent living for his wife and his family, the talk of high hourly pay is complete nonsense in the budget and in the kitchen of that man and his family. It is all right to say that employment is seasonal, but what has been going on? Take your motor car industry: it does not need to be nearly as seasonal as it is. What happens? The men are out of work and the municipalities are called upon to help them; municipalities in Canada—rarely, it is true—have been paying them when a little different organization in that industry would have had the industry doing the paying for the twelve months, as of course it should.

I opened this matter some weeks ago in a speech which I made to this house. I am going to make a political remark about that speech—and this remark is not picking on anybody, which is unusual in a political remark. But I am just a little bit annoyed at being told, particularly by newspapers that are supposed to be on my own side, that this fellow Smith took a wildcat off the knees of the Prime Minister, or words to that effect. The point I have in my mind is that I am sorry that anyone should think I was quite so dumb. I assure you, Mr. Speaker, and all hon. members, that what I did on that occasion was done after discussion with my chief and after a caucus of this party—why? Because we felt—and it was a unanimous caucus—that the time had come when we dare not play politics, when we had to be Canadians and do what we could in the present desperate situation. If any of you think it is not desperate I commend to you the letter written by Mr. Donald Gordon to either the minister or the deputy minister of labour; if that does not give any man in this room pause, I do not know what will give him pause—whatever "pause" may be. But I mean that it will impress upon him the seriousness of the situation in which we find ourselves at the present time.

On that occasion, the house may remember, a controller had been appointed. And now, having mentioned the word "controller", I want to refer to an article in the Toronto *Star* of to-day. The heading is:

> Kilbourn would examine every striker secretly.

After giving a recital of this sort of thing the statement continues—I am only reading a bit of it:

> However, if it is put up to him, he said he believed his first step would be to find out the facts of the situation. He said he thought this could only be done by a thorough examination into the desires of the workers. He said he believed this could be done only by having all workers in the affected plants answer a set of questions.
>
> The survey, he said, would be conducted as balloting in an election is conducted, in complete privacy. The worker would go into a booth and write his answers and the sheet, which would bear no method of identifying the worker, would be deposited in a ballot box.
>
> He said the survey, if it were held, should be made by entirely impartial people, with even the government eliminated. He suggested young lawyers or a firm of accountants whose impartiality would be beyond question should be employed.

If that is a correct statement of the methods to be adopted by this controller, he could not do that in less than nine months, with fourteen thousand men concerned. If that is the method to be adopted—and I have nothing more than the newspaper statement, the correspondent being Mr. Robert Taylor—if he has nothing more than that, it is time we had a new controller appointed in the steel industry. This of course, as everybody realizes, is just a lot of nonsense.

Now I pass on to this. First, I am anxious to compliment the Prime Minister (Mr. Mackenzie King) on the speed with which he acted; because you will remember it was in the afternoon that I made the suggestion for reference to a committee, and the committee was set up and met that evening. I do not

not need to read again to this house the terms of reference. They were to inquire into industrial unrest, and this committee of yours realized that we were not specially commissioned to settle the steel strike. What we did was this. There it was in an acute form. We were not greatly concerned with any limitation you had put upon us, because we knew that if we could do something towards the settlement of that strike, you would not chastise us; you would probably praise us. So we immediately sent for the people involved in that dispute, first, in the hope of settlement, and second, because we felt that an actual examination of a concrete case would give us a good idea of the broader picture.

In the first instance we failed. In the second we have, we think, accomplished something, and we believe we learned a great deal about the broader picture of labour relations by the action we took in dealing with those who are at present on strike. Aside from specific recommendations which I intend to go over hurriedly before I shall have finished, what else did the committee accomplish? Surely at least it did this. For the first time, I believe, the people of the Dominion of Canada, the broad number who are neither organized labour nor large employers, have received, as I am sure our committee received, a liberal education in industrial relations, and certainly at the moment know a great deal more than they did before the committee met as to what makes the economy of our country tick, what are the problems facing the different segments of our people, all of whom make up our total economy.

In my judgment at least that was worth while, and that is an accomplishment of this committee. I am not one of the I-told-you-so people, Mr. Speaker, but you may remember that last fall, speaking of the matter of labour in this House of Commons, I made this statement, which I think is still true, that no strike and no lockout can long continue in Canada without a certain amount of public support; because after all, these two elements, employer and employee, great and powerful as they are, are as nothing compared with the great consuming public in this dominion. They cannot operate this country. Temporary setbacks to the ordinary fellow may come, because he is unorganized. But, in pursuing the even tenor of their way through people like you and me, those of us who are their parliament, the ordinary people will continue to be the backbone of our democracy, the backbone of our economics. That will always, I hope and believe, be so.

Now I may turn to some incidents, some subjects perhaps, which were discussed in the committee itself, and I am going to criticize, I hope justly and, I am sure, with restraint, two things in our industrial relations picture which I think require amending. In doing that, I think it is esential that I mention the evidence given by two or three of the witnesses.

I refer first to Mr. Donald Gordon, chairman of the wartime prices and trade board. He appeared before us. I had not the honour of his acquaintance prior to that time, and I believe that was true of many members of the committee. We were all greatly impressed by him. I was particularly impressed by his fearlessness and by his power. I am afraid I was not equally impressed—at times only—by his logic. But I give him this credit: he is a man doing a very unpopular job, he is a man doing a very big job. I do not know, as someone said in the committee, who could have been found to replace him. I am anxious to pay him all the compliment I can, but at the end of the road I was unconvinced, even when he was supported by the Acting Minister of Finance and by the Minister of Labour, that he had made a case for a ten-cent maximum in the rise in wages in the steel business.

I am not saying that he is wrong. I do not say that for a moment. His opinion is entitled to very great respect, and it seems to me he would be a foolish member of that committee, thirty-five amateurs, who would disregard it. Now we are being frank about this business and I am sure everybody else will be. Certainly I will be, and I have no hesitation in saying to you, Mr. Speaker, that if Donald Gordon, with all his experience, says, "If I go substantially beyond that, I feel I could not control; it would be dishonest to try", then who am I to say, "You are wrong"? The most I can say is that my judgment, according to the old Scotch verdict, would have been, not proven. On the other hand, and I am frank again, when Donald Gordon says that to me, I, an amateur, am not going to come into the House of Commons and assume the responsibility of saying that he was wrong, because—call it cowardice if you like; call it what you will—if he were right and the collapse did come, I would have difficulty facing you or any other honest people in this country whom I know.

I intend to go a little farther with the ten-cent theory. It was supported by the Acting Minister of Finance (Mr. Abbott)—and permit me to say very respectfully of the Acting Minister of Finance that he added nothing at

all to the evidence of Mr. Gordon. He merely came there with a statement covering six or seven pages and said that Mr. Gordon was right. That is not said critically. I do not know what else he could do; I do not know what else there was to be said.

I endeavoured—and I tried very hard—to find out from the Acting Minister of Finance whether this ten-cent maximum was a matter of government policy. If it were government policy, the farthest he could go would be to say it was his personal opinion. It strikes me that when a minister of finance, dealing with a matter of finance, gives it as his opinion, it should be government policy whether it is or is not; because, though we heard the other day that this country was not governed by experts, I still think that responsible ministers of the crown, and I am quite sure I am right, should continue to accept responsibility for the things done by persons in the departments over which they have control.

We had a lot of trouble with that ten-cent proposition. Facing us was the fact that in British Columbia fifteen cents had been granted by the regional war labour board. The chairman of the regional board in that province is Mr. Pearson, the Minister of Labour. We had that fifteen cents rate approved by the Minister of Labour on two occasions in the house, who said that it was sound and sensible, and who strongly advised the men to accept it. That put us amateurs in a rather difficult position in trying to form judgments of our own.

May I say at once that the lumber business may be—may be, remember—somewhat different from the steel business. The steel business operates twelve months of the year. The logging end of the lumber business operates nine or ten months a year in seclusion and in far-away places. But let us not forget that there is no ceiling on logs. There is a ceiling on lumber. Fifty per cent of the lumber is exported to places where the owners or the corporation can get whatever prices they care to ask for it. Losses incurred in domestic sales or wages do not matter so very much if they can get it back from Great Britain—because that is where most of it is going—from the United States, and from other places to which these exports go.

May I continue with this ten-cent offer? On the first day of April the prices board granted an increase of $5 a ton in the price of steel. It was plainly said to us by Mr. Gordon that at that time, the first day of April, having made a complete and thorough examination of the position of the steel companies, that in that $5 a ton there was something for an increase in wages. Mr. Hilton of the Steel Company of Canada told us that so far as he was concerned there was ten cents an hour in that $5 a ton. I say this critically of the government. It seems to me—in fact I am sure of it, and it was sworn to in the committee and I believe it—that if at that time ten cents had been given to the steel workers we would have no steel strike in Canada to-day and the committee on industrial relations would never have been set up. I do not think there can be any question about that.

This brings me to a major criticism, namely, that there has been no direct contact, no proper liaison between the national war labour board and the wartime prices and trade board. We realize that to hold down prices we must have a ceiling on them, and as a part of that effort we must stabilize wage positions. I do not think anyone in the committee disputed that. What do we find? We find the wartime prices and trade board operating in an air-tight compartment. We find the wages board operating in another airtight compartment and no practical liaison between them. Just now we expect to hold the price ceiling, admitting that wages enter into that ceiling as a part of the cost, without these two elements coming together somewhere, is something that I have been utterly unable to understand. The government must accept responsibility for that.

Perhaps I had better read another quotation from the evidence taken before the committee, and it will be the last extract that I shall read. It is a brief statement by Mr. Gordon on that point, and there are many of them. These answers were given in response to questions asked by myself. I am reading from page 343 of the minutes of proceedings and evidence of the committee:

Q. But there is no direct contact between you?

A. That is right.

Then a little further down:

Q. Then who does?

A. Well, each board looks after its own job. The wage control board of the government, as far as industry is concerned, and the national war labour board and the regional war labour board; it is a completely separate field in that respect than the jurisdiction of the prices board.

Then a little farther on:

Q. Yes, but let us take steel. Would the increase given by the prices board, and as you have said, there was machinery whereby these men might go to the labour board and find out what portion of that increase belonged to them. That, in effect, was what you have said?

A. In respect to that, I do not want to split hairs, but I do not want to leave the impression that there was anything in the price increase which was ear-marked in the wage increase. That was entirely in the hands of the management.

Q. Let us admit that, but what portion of that increase would be determined by the war labour board? You do not fix it?

A. No.

Q. And you leave it to the war labour board to do that?

A. That is right.

Q. There was no liaison between you and the war labour board in this specific case?

A. That is right.

Q. So it could be fairly said, with respect to our machinery in regard to prices and wages, that they are entirely separate and there is no direct contact between them?

A. That is right.

Having read that, may I again say, at the expense of repetition, having regard to these elements which enter into prices, how anyone could ever expect the thing to operate without some meeting place somewhere, particularly in times of stress such as we are in now, is something which is quite beyond me. Let no one think, sir, that I am indulging in mere condemnation of any board. I realized that the regional board and the war labour board have handled and settled many disputes, and have done so satisfactorily. I realize that the prices board has done splendid work in many instances. But here we have reached a pitch, here we are approaching that place in inflation which Mr. Gordon told us may mean collapse. Under these circumstances, the failure to have contact between these two boards at this time is in my judgment inexcusable.

I want to say a word in defence of the position taken by the labour witnesses on the question of inflation. The evidence they brought was roughly that we, the members of the House of Commons, were mentioned in dispatches and that our $2,000 and all these things were contributory factors toward inflation. Mr. Conroy did present three sheets of double-spaced typewriting, all containing instances of price increases. On the other hand he gave us instances of increases in wages. I am not covering the whole period. I realize, as it was proven, that generally speaking since 1941 wages as a percentage matter have risen higher than prices. The thing we were up against is that in this very year, in this very spring, the cost of living index has gone up five points. We have had nothing like it, except after the first great war; five points in a matter of months. That is the situation we are now facing. What they said was this. How is it there can be all these price increases with no strikes—they were not caused by strikes—yet when labour asks for more than ten cents, anything beyond that is inflation? I am not for a moment saying they proved that Mr. Gordon was wrong, but they did prove to a humble individual like myself that there are two sides to most arguments, and they did produce quite a number of facts in support of their position. But I repeat that as far as I am concerned their position also was not proven, and as far as I am concerned I have no intention at this moment of departing from the advice of the man I think best equipped to give us advice at this time.

Mr. SPEAKER: Order. I am sorry to inform the hon. gentleman that his time is exhausted.

Some hon. MEMBERS: Go on.

Mr. SPEAKER: If the hon. gentleman has the unanimous consent of the house?

Some hon. MEMBERS: Agreed.

Mr. SMITH (Calgary West): I am sorry to have been so long; I shall try to conclude in a few minutes.

I turn now directly to the report of the committee, whose recommendations begin on page 3 of this loose leaf report, and which also appear in the *Votes and Proceedings* of August 17.

Our first recommendation is the immediate calling of the proposed dominion-provincial labour conference. It may occur to some that this is a bit of sidestepping. It is not, for this reason. Nearly everyone on that committee was convinced, as I am convinced, that one of the things we most require to take care of industrial unrest is a country-wide labour code. I am for it; there is no doubt about that. Why, in this particular case we are up against differentials at Dosco which do not exist at other places, and so on. But may I add that I am not in favour of seeking any change in our constitution under the British North America Act which would force any province to come under a dominion-wide code if it did not want to do so. That is their own business, and you will never find me arguing that they should be forced to do anything like that. I will add this, however, that I can see no reason why, in regard to those provinces that wish to cooperate, we should not have a code affecting them. We are doing that with respect to taxation. The budget speech dealt with that matter; and I feel sure that if we can evolve something of that kind we can have the provinces pass concurrent legislation as we did with other legislation—I forget the name of it—

Mr. MITCHELL: The old age pensions.

Mr. SMITH (Calgary West): —having to do with the settlement of labour disputes. That was done in several of the provinces, so there are no legal difficulties in the way.

Mr. MITCHELL: That is the Industrial Disputes Investigation Act, not the Old Age Pensions Act.

Mr. SMITH (Calgary West): Yes. I was not talking about old age pensions; I should like to, but not at the moment. That course could be very easily followed. The next recommendation was:

That in the interval much closer contact be established between the wartime prices and trade board and the regional and national war labour boards.

I have covered that fully, and I need not repeat my argument. That was a criticism, and nothing would be gained by going into it again. The next recommendation was:

That matters coming before the regional and national war labour boards be handled expeditiously.

That is in there for this reason. If my memory serves me aright we were unanimous on recommendation No. 1; I may be wrong, but in any event we were nearly unanimous. That paragraph merely means this. The men who appeared before us did complain of delays. Those complaints were answered by the vice-chairman, I think it was, of the national war labour board; but whether or not they were answered the fact remains that the process was somewhat slow. This is not a judgment against anybody; it is a suggestion, and a very wise suggestion, for expedition in dealing with disputes of this kind.

Paragraph 2 of the recommendations is simple; I do not need to argue the point, because it is admitted:

2. Your committee is convinced that continued price control is only possible with a reasonable measure of wage control.

The next recommendation is:

3. Your committee recommends that a measure of union security should follow certification.

As far as I am concerned I am prepared to accept holus-bolus the remarks made by the hon. member for Cape Breton South (Mr. Gillis) in this house last fall during a discussion of labour matters, in regard to the implementation of this clause. Then I want to spend perhaps a moment or two on the next paragraph:

4. Law being the basis of our society, your committee condemns:
(a) the policy adopted by some unions and some employers of disregarding the legal machinery provided for adjusting wages and settling disputes;
(b) breaches of the law of Canada by the use of physical force or otherwise either by employer or union.

I suppose some bright people will ask, "Why did you include the employer?" Certainly at present all the newspapers are picking on the worker for being in breach of the law; and he is. There is no doubt about that. As far as I stand and those who stand with me, the right of a man to go to work without being molested while going and coming is his; and let me hope and pray that it always will be. On the other side, however, those of us who have lived for some time know there are what are called goon squads, and these goon squads are not confined to labour. They can be hired in the larger cities of Canada to-day, and within the memory of all they have been so hired. So these words are not put in just to get us by; there is meat in each of them, and something should be done on the other side of that picture because surely we are entitled to live in a country where the enforcement of law is in the hands of officers duly appointed to enforce the law be it on one side of this picture or on the other side. If you will look again at the Toronto *Star* of to-day's date, a little lower down on the right-hand side of the page we see a heading over an interview with Mr. Millard in which he urges the prosecution of the Steel company for triple pay. If a company are in breach of the law in respect to triple pay they should be prosecuted the same as anybody else. But at the end of that article he makes the charge that there were gunmen in that plant who wounded five of these workers; and if that is a fact prosecutions should be launched in that connection. So I think we are all in agreement in this house. We will never permit the law to be used as a strike breaker, I trust, but we will permit it to be used and will insist that it be used so that individual liberty shall remain and a man may go where he will.

Now I turn to the next recommendation, which was put in at the request of the hon. member for Spadina (Mr. Croll):

5. Your committee recommends that the law of picketing be studied with a view to its modernization and clarification and for the purpose of making it more effective for the protection of the rights of all elements in the community.

I have promised to assist the hon. member any way I can in respect to that, but I do not think we need weary the house with it just now. Then I come to recommendation No. 6. We had a great deal of trouble with this one, particularly with the hon. member for Vancouver East (Mr. MacInnis), who led the attack, in which he was joined by the hon. member for Spadina and one other hon. member whose name I have forgotten for the moment. What we were seeking there was this, and it comes as perhaps the joint thought of all. Perhaps I had better read it:

Your committee recommends that the Minister of Labour may, at the request of either party to an industrial dispute, and if he deems fit,

either before or after a strike is in progress, direct that a strike vote be taken under government supervision to determine the wishes of the men affected as to whether a strike will take place or otherwise.

What does that mean? It means this: It is the right of the secret ballot. To copy the words of the hon. member for Cape Breton South (Mr. Gillis), it is the introduction of the rule of law into these matters. I am not criticizing the upper bunch in the top drawer of union leadership. But I am supporting, and will continue to support, and I trust this house will continue to support and affirm the principle of the secret ballot in any organization of this kind, just as we have it when we are elected to come here to the House of Commons.

It has been suggested that the words "before or after a strike is in progress" are meaningless. Well, let us look into the coal mining business, because I know at least a little about it. There we have what are known as pithead strikes. They are illegal. It simply comes up when someone has been called a son-of-a-gun by a foreman, or something of that kind. Out they go from the washhouse and they say, "Nobody goes down the mine to-day, daddy. We are on strike." In other words, the strike is on before anyone has voted or has a chance to vote.

So what we are saying, in No. 6, is that in strikes of that kind, after the strike is in effect the minister can go in and take a vote of those persons concerned. That is all it means. In my judgment—and I know I will be criticized for saying it—section 6 will be the biggest advance—when it is made into legislation—in labour legislation ever made at one time by this House of Commons. I have no doubt about that. I am told that it will create resentment throughout labour across the country. Well, if it does, I cannot help it. If assuring to the individual, by ballot, the right to determine his own future is a matter of resentment by labour, against me, then let them resent it. I am for the man who wishes to run his own life in his own way.

I now turn to two simple ideas of my own. I have said before, publicly, and I have said it privately, that any man in the Dominion of Canada who is willing to work is entitled to a wage, not just a living wage, but a wage which will keep him and his family in some comfort and with some of the luxuries of life. That is where we stand; that is where we should stand; that is the foundation from which all these wage rates are negotiated.

May I add this—and with this the house will be pleased to know that I shall close—that I think one of our main troubles in industrial relations in Canada lies in the fact that management and labour do not know one another. It seems to me a strange commentary that I am permitted in this House of Commons to rise in my place and say that Mr. Millard and Mr. Hilton, the director of the union and the manager of the company respectively, had to be introduced to one another in this building by Mr. Brockington.

Mr. Speaker, we shall never have decent industrial relations, peaceful industrial relations, until we are ready to credit the other chap with some honesty and some intelligence. I realize that in some places you cannot do that. I realize that we had before us one witness who, in my judgment, did not seek a settlement of the strike, but who sought only continued commotion. But that is not true of the great majority. If we can but get to know one another, and have employers and the representatives of employees really get to know one another, and to learn that the qualities of each are not bad, we shall have made some advancement. The office calls the organizer a communist; then the labour organizer in turn calls the office a fascist, and that is about the way things begin in labour relations in Canada.

So that in this, as in all other things, with a bit of tolerance, a bit of understanding, with a broader outlook aside from our own business, and with an understanding of what we are doing for the future of our whole economy, no one need worry, nor need anyone despair for the future of this great Dominion of Canada.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I think I have some right and some qualifications to speak on this question. It is a great pleasure to me to follow a former hero of old Wesley college, and an opponent in athletic contests. He gave a good account of himself then, and he has given a good account of himself to-day.

When I sat across the way I stood up and commended the Prime Minister (Mr. Mackenzie King) upon his appointing a real labour man to the position of Minister of Labour. I said this, Mr. Speaker, that the present Minister of Labour (Mr. Mitchell) had a record second to none in Canada as a labour leader, a labour organizer and a man who had backbone enough to stand up and hit out from the shoulder. I do not think there is any man in Canada who has taken more punishment than our Minister of Labour. But when I used to take part in the manly art I found it was the man who could take the most punishment who often won out, because he could bide his time, take it in his stride, and then hit when he had the most chance for success.

If there is a man in Canada who should have the gratitude of the workers of this country, it is the Minister of Labour. I am tempted to quote from Burns these lines:

Man's inhumanity to man
Makes countless thousands mourn.

He has taken it in his stride, and has stood for peace, order and good government. I commend him for it, and will support him to the limit. Any angel Gabriel who came down here to-day to take the position of Minister of Labour would have one of four or five organizations, or perhaps all four or five of them, on his back. If that Minister of Labour did not support the C.I.O., then he would not be good enough for them. If he did not support the C.C.L., he would not be good enough for them. If he happened to support the Catholic Union in Quebec, there would be those who would say he was out to hold Quebec for the Liberal party in Canada.

Our Minister of Labour has a job; it is a man's job, a job for a man with a head on his shoulders, a man with red blood in his veins, with lots of health and strength who would not run away from a job like this. That is our Minister of Labour.

It has been stated by many experts that we have the best labour code produced by any country in the world, and for that the minister must be commended. I do not ask the house to take that on my word. When the labour code was passed this appeared in the Montreal *Herald:*

Mr. A. R. Mosher, president of the Canadian Congress of Labour, in a press statement made on February 17, 1944, and which is reported in the Montreal *Herald*, under date of February 18, 1944, is quoted as follows:

"In my opinion the regulations governing the wartime labour relations, as adopted by the federal government, will go a long way toward meeting the demands of organized labour for a satisfactory labour code and I feel the government deserves credit for its action.

One of the privileges labour unions appreciate most highly, and for the maintenance of which the free peoples of the world are fighting, is the right to criticize a government when its policies or actions are considered objectionable; but it would be unfair if it failed to be equally outspoken in commending any government for what appears to be a sincere effort to promote good relations between workers and employers.

In view of the difficulties which were inevitable in handling the unprecedented problems involved in legislation of this character, it is scarcely to be expected that there will be entire satisfaction at the outset, but I believe the government has done a good job in the circumstances and I do not hesitate to congratulate most heartily both the government and its officers who were responsible for drafting the regulations."

I could refer to what was said by Mr. Harold Crabtree, chairman of the executive of the Canadian chamber of commerce, when he paid a tribute to the minister and to the government. The official publication of the trades and labour congress, namely, the *Trades and Labour Congress Journal* for March, 1944, contained the following statement on its editorial page in connection with the appointment of a labour relations board:

We have at all times protested and resisted the introduction of orders in council which, in our opinion, were unnecessarily drastic. We will just as readily commend our governments when legislation is enacted which, in our considered opinion, is in the best interests of the many thousands whom we represent, and we state without fear of successful contradiction that order in council P.C. 1003 is a good piece of legislation and warrants expressing our appreciation to the government for its enactment.

The labour congress of Canada expressed its appreciation, and other leading organizations in Canada have paid a tribute which practically amounts to saying, "Thanks to you, Mr. Minister of Labour." I know the Minister of Labour has had his testing times and I confess that I was guilty of putting him through one. When the seamen were on strike I called him at one o'clock on a Sunday morning. I received a call from the trades and labour council of Fort William that eighty-four men were stranded there who had to be at work on Monday or they would suffer a $20 a day fine. Sometimes it is not easy to get a man on Sunday morning because he may be at church or he may be some place else. I took the risk of calling the minister and I told him what had happened. He replied, "Dan, we will do our best for these men." As I say, eighty-four of them were stranded at the head of the lakes because those who wanted to break the seamen's strike had taken away their boats. As a result of the minister's action, these men received their fares and were able to go back to work. So again on behalf of the seamen's union of Canada, I say, "Thanks to the Minister of Labour."

I was surprised and pleased at the discussions that took place in the industrial relations committee. I was surprised to see two leading members of the C.C.F., both keen and honest men ready to do the right thing for Canada, taking sides and voting against each other. It shows that there is some hope even for the C.C.F. notwithstanding what some people may think or say.

Mr. COLDWELL: They vote according to their conscience, which is more than the Liberal side do.

Mr. McIVOR: I stand for a square deal for the man who toils. He should have a living wage. The thing that causes a great deal of

trouble in Canada and in other countries is the fact that a man has to toil six, eight, ten or more hours a day and is unable to get more than a living wage. Then he sees the man who employs him able to go to California in the winter time, able to send his children to the university. If the mother of the children of that worker puts up fifty cents an hour for a music lesson for a child, they have to skimp on something else. Somebody has said that he would rather see the great masses of the citizens of our country living in peace, in health, with sufficient food and clothing and opportunities to educate their children, than a few rolling in wealth. I do not think anybody wants the irritable discontent that follows when our workers are not properly looked after.

I stand for a living wage for every toiler. If he does not get it, it is just too bad. I must admit that the fault is not always on the one side. There are those in this house who will remember the Winnipeg strike of 1919. I took part in that strike. I interviewed the striking committee, although I was not one of those in that position. When the strike first started we were sure that the strikers were bound to win. Then the strike committee called out the bread wagons, the milk wagons; they shut off the water in some places, and they called out the firemen. I told the strike committee then, "You have gone too far." Public opinion just came back with a surge and beat the workers. It took them years to get back again what they had lost. It was not until the Liberal party in this house gave labour a square deal that they regained their ground. They have had better success than they ever had in the history of Canada.

The secretary of the trades and labour council of Fort William says that there has never been better legislation than that which was passed by the Mackenzie King government, using my own words. I would pay a tribute to the trades and labour council of Fort William because I do not think there is anything better in Canada. We have been remarkably free from strife. The head of that union was able to find time to lead a campaign to provide $40,000 for a Salvation Army hostel. That shows that he has a heart for the man who is down and I want to pay him a tribute.

As I said, strikes are not always caused by one side. The hon. member for Calgary West (Mr. Smith) has suggested that there should be a secret ballot, and I think the same way. I support the resolutions which were passed by our committee. I think they will go a long way to help, and I think we should have a secret ballot. I can tell the story of one man, an employer of labour, who said, "If any man comes to this ballot box to vote in favour of a union in our place he will be kicked to some place out of here." Of the two men who were the first to vote, one had had twenty years service in that plant, and they both lost their jobs. I heard of rival unions that took a strike vote in a plant. They had two boxes with a union man standing at each box, one for "no" and one for "yes". That is not secret enough. A man should have a secret vote; and I think this resolution will be helpful.

In this committee I heard a statement from one of the members about which I have thought a good deal. He said that there were three stages in the development of a union leader. One was the agitation stage. I think we had an example of it in our committee, and I did not agree with that particular individual. Then there is the administrative stage, when he is willing to go a little farther and listen to what the other fellow has to say. Then there is the cooperative stage; and in that class I would put men like the late Tom Moore, who was willing to go all the way and lead his workers in cooperation with capital. Capital and labour must get together. You may have a cure for this trouble; I have it. Labour and capital must get together; if they do not, both will lose out and something else will take their place.

I have here a quotation from the Ottawa *Journal*:

> Perhaps both management and labour in this country still have to learn . . . that there exists a public interest which is over all. The mood of "the public be damned," whether coming from capital or labour, has no place in our modern life, and the sooner capital and labour come to know that and to act accordingly the better it will be for them and for us all. Labour will have to learn that there can be no hope for it, no gain for it ever, beyond processing of our resources, which is our only wealth, at reasonable profit. Capital will have to learn that labour is more than a commodity, more than part of its raw materials, that it is entitled to share justly in the fruits of production.

I cannot close better than by giving a summary of a resolution passed by a group of men in Fort William, headed by a gold medallist, Doctor R. K. Dewar. These gold medallists have a little more grey matter than most of us, and if it runs in the right channel it can do some good. The resolution they sent to me stated that the men who put their money into a business have a right to a fair profit; the management and the labour who put their lives into it have an equal right, not a commodity right, but a living right to a living wage; and if there is anything available over and above that, it must be divided between those who toil and those who put their money into the business. I am glad to know that at the head of the lakes we have business

concerns which are sharing their profits with their workers; and, so far from being dead, or nearly so, they are the most vigorous businesses at the head of the lakes. When a man gets a living wage he has more incentive to produce, and the more that is sold, the better it is for him and for those who employ him. The more production there is, the more money is available for the employer and the better the income for the individual.

In closing, I would just say that to my mind the remedy for our trouble to-day is to observe the old injunction, "Love your neighbour as yourself". If you hate your neighbour there is little hope for you; if you follow the leadership of Him who said "Love thy neighbour as thyself", you will go far on the way to personal and industrial peace and good will.

Mr. ANGUS MacINNIS (Vancouver East): As one of those who had the honour to serve on the industrial relations committee I wish, in saying a few words, to associate myself with what the hon. member for Calgary West (Mr. Smith) said in regard to the chairman of that committee. It has been my experience also that the chairmen of our standing and special committees of parliament are always fair and conduct the proceedings with dignity. I may go farther, and associate myself with the hon. member for Calgary West when he said that it was a pleasure for him, to work with all the members of that committee—up to a certain point.

I am sorry, however, that I cannot go so far with him as to approve the recommendations made by the committee. Not that, with one exception, there is anything wrong with those recommendations, but in my opinion the report is an anti-climax, following the urgency of the circumstances under which the committee was set up, and that urgency has not lessened during the time the committee was sitting; if anything, it has become more grave.

Let me quote briefly from the speech made by the hon. member for Calgary West the day the committee was set up. When he proposed the committee he said this as reported in *Hansard*, at page 3489:

> My suggestion is this, that this house should immediately set up its industrial relations committee. To that committee should be invited—yea, brought if necessary—those persons who might not like to come. I think I am not saying anything very unusual, because there, and only there, can meet the big three, so-called—the three important people, the consumer, labour and management in industry.

A little later on, he said:

> Then it seems to me to these people on strike, and those who are talking strike, such as the meat people, the railway people and so on, this parliament should say: We have given you the last and best tribunal this Dominion of Canada knows. Come there with your problem. Meet your opponents face to face in the presence of that great referee, the consumer of Canada . . .

The consumer of Canada, if that is what the committee is, having met these people face to face, having heard their troubles, comes to this house with a solution. What is it? To call a dominion-provincial conference to set up a labour code; make a recommendation condemning the use of force in the settlement of disputes; urge that a committee be appointed to investigate the law on picketing; recommend that a measure of union security should follow certification; assert that price control is only possible with a reasonable measure of wage control.

All of that, of course, I can support. But there is nothing in it that can do anything toward settling these disputes which are disrupting the economic life of the country at this time. They do not touch the fundamental causes of these disputes. The one I do not agree with—and I might as well deal first with the recommendations of the committee—is No. 6. The hon. member for Calgary West read it; now let me read it:

> Your committee recommends that the Minister of Labour may, at the request of either party to an industrial dispute, and if he deems fit, either before or after a strike is in progress, direct that a strike vote be taken under government supervision to determine the wishes of the men affected as to whether a strike will take place or otherwise.

I imagine that the words "or otherwise" means, "or continue". The hon. member for Calgary West mentioned the sort of circumstances in which a vote of this nature would likely take place. He said it might happen in a mine where the men might come to the pithead some morning and, if the superintendent or the foreman did not take off his hat to the men as they came to work, they might say, "We will go on strike". Those were not his words, but it might be anything. But that is not what is in this recommendation. It says something quite different and does not refer to a pithead strike or to any particular kind of strike. It refers to any strike, before it begins or after it begins; and if this is approved by this house, the Minister of Labour, having the approval of this house, can take a strike vote in any industry where there is a strike. He can go over the heads of the elected representatives of the workers' organization and take a vote to determine, without reference to the organization at all, whether the men want to go back to work or stay on strike.

If there is a better way of destroying the trade union movement, that way has not yet

been called to my attention. I say that as definitely as I can because it is implicit in this recommendation:

> . . . either before or after a strike is in progress, direct that a strike vote be taken under government supervision to determine the wishes of the men affected as to whether a strike will take place or otherwise. .

That is, or continue. Before dealing with that, the hon. member for Calgary West referred to the interview of F. B. Kilbourn, the controller appointed in the steel dispute. Mr. Kilbourn says this—and let us see in what respect it differs from the recommendation made by the committee.

> However, if it is put up to him—

That is, the settlement of the strike.

> —he said he believed his first step would be to find out the facts of the situation. He said he thought this could only be done by a thorough examination into the desires of the workers. He said he believed this could be done only by having all workers in the affected plants answer a set of questions. The survey, he said, would be conducted as balloting in an election is conducted, in complete privacy. The worker would go into a booth and write his answers and the sheet, which would bear no method of identifying the worker, would be deposited in a ballot box.

He does not advocate that the government should take the vote, or that it should be taken under the supervision of the Department of Labour, but taken by some impartial individuals. But he did not say who is to choose the impartial individuals? As a matter of fact, Controller Kilbourn is proposing, in this interview, the recommendation made by the committee in No. 6 of the report. If we do not like it we had better be quite sure of that before we adopt these recommendations.

As far as the report is concerned, I think I can leave it at that. The other six or seven recommendations are not of great value; they are neither here nor there. If they have no great value, at least they are not harmful. But as regards No. 6, as I warned the committee, so I warn this house. If you pass this you are putting your stamp of approval exactly on what the hon. member for Calgary West denounced when it was proposed by Mr. Kilbourn.

Mr. SMITH (Calgary West): You do not expect me to agree with you, do you?

Mr. MacINNIS: I am sorry my hon. friend will not agree with that, but I am glad to leave it to any impartial tribunal, that what I say is based on the wording of our recommendation and on the similarity of the method Mr. Kilbourn is recommending, and if my hon. friend cannot see that, he is less logical than I think he is.

Mr. SMITH (Calgary West): One of us is; that is true.

Mr. MacINNIS: I imagine we cannot agree which one is not.

Mr. SMITH (Calgary West): I cannot get that.

Mr. ROSS (St. Paul's): That is too deep.

Mr. MacINNIS: It is not deep at all. A part of the preamble to the report states:

> An opportunity was thus afforded for the first time for labour and management to present to a committee of parliament such statements as the terms of your order of reference required and such are on record.

It may or may not be strange, but although numerous labour organizations made representations to the committee to be heard—more labour organizations than in fact were heard—no employer, as far as I know, had asked to come before the committee. We had three employers of labour before the committee. They were all asked to appear, and no other employer of labour in Canada expressed any desire or even gave any hint that as far as he was concerned there was a committee of parliament investigating the cause of industrial unrest in Canada. If I may be allowed the expression, Canadian employers treated the committee with the utmost contempt. Perhaps that in itself should give the key to the cause of labour unrest in Canada, namely, that employers want to ignore labour in the same manner as they ignored the parliamentary committee. As far as they are concerned, the industries of Canada should be run for the profit of employers and not for the benefit of the Canadian people.

I do not think any member of the committee will deny or can deny that the real cause of the labour disputes that are at present wrecking the economy of Canada is the demand by the workers for increased wages. That is one side of it. The other side is the insistence of the government that wage increases of over ten cents an hour will not be allowed. That was the question we always came up against in the committee. As a matter of fact other questions really were not of great importance.

As was pointed out by the hon. member for Calgary West, the Minister of Labour had intensified the situation by putting his stamp of approval on increases of fifteen cents an hour in one section of Canada and then stating that in other parts of Canada increases of over ten cents an hour would not be allowed.

Mr. MITCHELL: I never said anything of the kind.

Mr. MacINNIS: The minister says that he did not say anything of the kind. Perhaps in a sense he is correct. In the committee we could never get a direct answer as to whether a ten-cent limit was the policy of the government or not. The fact remains that regional boards—

Mr. MITCHELL: Would my hon. friend dictate to the regional boards?

Mr. MacINNIS: The Minister of Labour does.

Mr. MITCHELL: No, he does not.

Mr. MacINNIS: The statement of the deputy minister of labour in the committee was that he had instructed the regional labour board. Not only did he do that, but he said that he would give an undertaking that the national board would pass it as well.

Mr. MITCHELL: Let us be fair about this. Perhaps my hon. friend will give me credit for this. He may have misunderstood me. We certainly had that out in the committee. There was the definite statement that I would recommend. I said that we were going to do the bold thing to try to prevent this strike. What I said, and what the deputy minister of labour said, was that we would recommend. We argued that out in the committee. To say that I was telling them what to do is to say something which is not right. I think I have more sense than that.

Mr. MacINNIS: The Minister of Labour will have to decide for himself just how much sense he has.

Mr. MITCHELL: Be fair about it.

Mr. MacINNIS: When I put the question to the deputy minister of labour he said that he did it and that he would do it again.

Mr. MITCHELL: Yes, recommend.

Mr. MacINNIS: Not to recommend.

Mr. MITCHELL: Let the record speak for itself.

Mr. MacINNIS: That is what I am doing. The record is there and it can speak for itself. I say that that is the root cause of the labour unrest in Canada to-day. It can be put in this way: The cause of all our labour trouble, the cause of all disruption in industry is the difference between ten cents and fifteen cents. The steel workers gave an undertaking that if ten cents were granted now and an assurance that the other would be granted at some time decided upon by an arbitration board, they were prepared to go back to work at once.

Mr. HOWE: When did they say that?

Mr. MacINNIS: It is in the letter from Mr. Millard to Mr. Brockington and in the proposals made by Mr. Millard to the committee itself. They were prepared to go back with ten cents now, on the understanding that the other five cents would be paid later, at some time within the calendar year.

Mr. MITCHELL: With 20½ cents at Sydney.

Mr. MacINNIS: With the differential at Sydney. If my memory serves me aright they were prepared to refer that to arbitration.

Mr. MAYBANK: No; that was ruled out of arbitration.

Mr. MacINNIS: I will not argue the point. Whatever Donald Gordon may say, I am convinced that the labour disputes which are disrupting industry in Canada during the last six or seven weeks, two months in some instances, are doing this country a great deal more harm than the increases which the workers are asking if they were granted.

Let us remember this. I know the minister will not agree with me. He always regales us with what happened in Germany in 1919, and the danger that it may happen here. Really that does not impress me, and I should be very much surprised if it would impress the minister himself if he gave it a little thought.

Mr. MITCHELL: The minister says without equivocation that the working classes always pay the freight when you get into an inflationary period. That has been true in every country where it has happened, just as they are paying the freight in the United States at the moment, in France, in Holland, in Belgium and in any country to which you wish to go. The working classes always pay the freight.

Mr. MacINNIS: I will go much farther than that and say that the workers have paid the freight whether there has been inflation or not. They have always done so. They have carried the world on their backs, and those people who sympathize with labour are prepared to do anything except get off their backs.

Mr. SMITH (Calgary West): The hon. member does not mean that.

Mr. MITCHELL: The hon. member does not mean that.

Mr. MacINNIS: Of course I mean it; there is no reason why I should not.

There are a number of factors which enter into our industrial difficulties. The first is the natural hostility—I say "natural hostility"—which exists between workers and employers.

It is the hostility which exists between buyers and sellers, no matter where you find them. In this country the employers have not yet reached the stage where they are willing to accept their employees as citizens of the community and deal with them as citizens with equal rights with themselves.

One of the things which impressed me in the various documents placed before the committee is that, despite all the education, all the laws and regulations which were passed during the war years, the employers of Canada are still opposed to meeting and negotiating in good faith with their employees. When you have employers acting in that way you will have employees who will use their power to the limit, the moment they feel that they have power. Let me quote briefly from some of the documents which were placed before us. I have in my hand a report on Brunner Mond, by Magistrate J. A. Hanrahan, who was appointed a commissioner in this dispute by the Minister of Labour (Mr. Mitchell). The report states:

> The contract between this company and workers expired last November. Amendments suggested by employees were submitted last September. Members of negotiating committee complain very bitterly of what they describe as the disheartening delaying tactics of company from then until July of this year—

That is from September of last year until July of this year. Do you wonder there are strikes?

> —which prevented a new agreement being completed and finally made strike action imperative. This is a factor that has undoubtedly contributed to the present very firm demand for some form of union security and warrants the conclusion that it comes from deeply affronted employees rather than having been inspired by union officials.

Then from the same document:

> The general good will and earnest desire of this local to act fairly with company is further evidenced by fact that when strike was called no objection was taken to main office staff, engineers of pump house and purification plant, boiler room and engine room, engine crew to haul coal, crane operators to load cars of coal and remove ashes, the chief engineer, the fire protection chief and the chief electrician for safety remaining on duty. As you are aware this is somewhat contrary to local practice. The company does object to what they describe as illegal picketing.
>
> I have wired appeals to Mr. Robert W. Atkinson, sales manager of Brunner Mond of Canada, Montreal, and Mr. Carlton Bates, director of operations, Solvay process, Syracuse, N.Y., whom workers believe are really determining company policy in this matter for a modification of their instructions to Mr. J. B. Aylesworth, K.C.

But no matter what the appeals were, these people do not want to deal with their employees, and they are willing to disrupt the industry of Canada in order to defeat the efforts of their employees to organize. I was also interested in the report of Judge Cameron, who was commissioner in another dispute. I thought his report, in putting blame on both parties, was most fair and in that way was in direct contrast to the report on the steel strike, made by Commissioner Roach. In his report, at page 985 of the reports and proceedings of the industrial relations committee, Judge Cameron said:

> The extreme rigidity with which the strategy committee regarded the "seven point programme" is seen in the case of one company which had negotiated a contract in February, 1946, and which resulted in substantial wage increases. The union stated that in spite of wage increases then given and after discussion of the "seven point programme," it still insisted that an additional 20 cents an hour should be granted by that company.

Then he continues:

> On the other hand, I think it fair to say some of the companies have not approached the negotiations in a realistic manner. The union's programme was presented to the companies as a basis for local negotiations more than six months ago—

Those who recall that there is a rubber strike in progress in Canada at the present time, which has been going on for some two months, will remember that the rubber workers had tried to negotiate for six months before the strike was called.

> —and in a number of cases concrete counter-proposals were never made by management. I am satisfied that a more reasoned approach to the problems involved, rather than a mere rejection in toto of all the requests made, would at that stage have brought about satisfactory results on a plant basis in some cases.

The reply of the committee to that is a recommendation that the government take a strike vote, after the employees have been on strike for two months or more, to see how they feel about going back.

A good deal has been said in the press and elsewhere about the attitude of trade union officials. A remarkable report or finding was made by a justice of the Supreme Court of Canada, Mr. Justice Rand, last fall in the Windsor automobile dispute. I do not know how many hon. members have read it, but if they have not already read it I suggest that they do so. They will find that this justice of the Supreme Court of Canada does not agree that the labour leaders or trade union leaders in Canada are irresponsible. He says:

> I have had an opportunity of sizing up the leadership of this union so far as it is represented by the committee of negotiation. The members are all of English-speaking origin and British citizenship. They have impressed me as being made of the stuff of which ordinary Canadians are made. With the exception of Messrs. Burt and MacLean who are on leave of absence

from General Motors at Oshawa as international representatives of the union, they are men with seniority in the Ford plant ranging from ten to eighteen years. They conducted themselves in negotiation with intelligence and reasonableness. I have no doubt their dominating interest is the job of those they represent in that industry and that their object is to attain for those employees and their families a secure and self-respecting living, which seems to be the object of most Canadians. That aim is legitimate, whether or not attainment is possible.

It has been suggested that the union officers, as other labour leaders, are primarily concerned with the maintenance of their positions and power and no doubt some of them have experienced stirrings of that nature. But union organization is admittedly necessary in the present set-up of our society and we cannot expect these men who have gifts of leadership—and it is by such leaders that movements against wrongs are initiated—to be quite free of those human frailties from which only a few saints escape. The only effective remedy for abuse of this nature is a greater democratization of the union.

And may I say that greater democratization of the union cannot be brought about by taking away the powers and prerogatives of union members by insisting that the government may take a strike vote at any time it wishes. We cannot get democratic unions unless we give union responsibilities, and insist, too, that they discharge those responsibilities as citizens.

The second reason—and I have dealt with it before—for industrial disputes is the refusal of employers to deal fairly with their employees. The third, in my opinion, is the failure of the government to impress upon employers, upon workers, and upon the public generally, the urgent need for production.

Even before the war came to an end, a cry went up for the removal of all controls—"Let us get back to business as it was". Of course that meant business as it was before the war when employers had hundreds of thousands of unemployed who could fill any jobs which might be offering. Hon. members fell for that sort of thing. Demands were made on the government every day from this side of the house by the official opposition for removal of controls. I was amazed to see how quickly those hon. members were impressed by Donald Gordon when he appeared before the committee.

Consequently there is no recommendation from the committee stating that in its opinion it would be better to grant the increases in industries where they are asked, and get those industries operating. With our improved productive capacity, in my opinion we would in no time catch up with demand. We would not be looking for commodities to meet needs, but for needs which could take the commodities we had to offer.

I do not think we have any idea of how the productive capacity of this country has increased during the war. Even in Great Britain, where the whole economy of the country was put to war uses, they have made a remarkable, one might almost say a miraculous come-back in the production of ordinary consumer goods. But in Great Britain employers, labour, the government and consumers got together to discuss production, and the needs of production.

I have here an item from the London *Daily Herald* of July 31, 1946, which states:

> Important plans for close consultation at top level on economic matters between industry and the government were outlined in parliament yesterday by Mr. Ness Edwards, parliamentary secretary to the ministry of labour.
>
> This consultation is to be through the minister of labour's national joint advisory council, on which the trades union congress and the British employers' confederation are represented.
>
> That council, superseded during the war by a smaller body, is being reconstituted, and will hold its first meeting soon.
>
> Mr. Edwards said: "there is no intenton of departing from the government's declared policy of entrusting responsibility for determination of terms and conditions of employment to the joint machinery of negotiation between employers' and workpeoples' organizations.
>
> "But the government considers that it will assist and reinforce this machinery of joint negotiation if there is the closest possible contact between the two sides and the government."

I notice, Mr. Speaker, that you are going to tell me my time is up. I shall just say that on various occasions I have urged the Minister of Labour to bring the different factors in industry together and to impress upon them the urgent necessity for production, not only for our own welfare in Canada, but for those things for which our young men died during the war. That is of the utmost importance. But it cannot be accomplished with Pollyanna proposals such as are contained in the report of the committee on industrial relations.

Mr. DAVID A. CROLL (Spadina): Mr. Speaker, I wish to join with the hon. members for Calgary West (Mr. Smith) and Vancouver East (Mr. MacInnis) in paying tribute to the chairman of the committee.. Perhaps I could sum up in these words, he was a happy choice.

I enjoyed working in the committee with all its members at all times. I was particularly impressed to-day when the hon. member for Calgary West drew on his wide knowledge and experience, his broad understanding, and gave us a treat in what I believe was a brilliant summation of what took place in the forty-nine sittings of the committee. But it left very little for me to say. To follow the hon.

member for Vancouver East, with his thoroughness and knowledge of his subject, leaves even less.

I do believe this, though, that it can fairly be said the country expected too much and got too little from the committee. Rather than devote myself to a discussion of the various portions of the report, I shall discuss only one or two phases of it. The hon. member for Calgary West has already indicated that I opposed section 6. Members of the committee know that full well. I consider it important, however, that this section be understood by the house; we have already had some misunderstandings.

I feel strongly in the matter, and this prompts me to read the section once again, because each one who has read it has emphasized a different part. It states:

> Your committee recommends that the Minister of Labour may, at the request of either party to an industrial dispute, and if he deems fit, either before or after a strike is in progress, direct that a strike vote be taken under government supervision to determine the wishes of the men affected as to whether a strike will take place or otherwise.

What does that mean, as a practical solution of labour disputes which have already been carried to the point of strikes? I suggest that we should examine the clause carefully. Let us assume for the moment that a strike is in progress. Hon. members know full well that this means that all or part of the men have walked out. It means, too, that a picket line has been established. It may be that the machinery in the plant is silent, or that machines are being manned by employees who are not on strike. It may also mean that machines are being manned by others who have been brought in as strike-breakers.

The recommendation says that the minister is empowered to order a vote at the request of either party to a dispute. Once a strike has taken place, all the minister can determine is something that is self-evident. A vote by whom? It says, "The men affected." We have the right to assume that "the men affected" means both sexes of all ages. I believe that was the intention of the committee.

Let us see who are the men affected by a strike vote. No one will deny that the strikers, the people who are on the picket line, have a right to vote. No one will deny that those who disagreed and continued production, whether they passed through the picket line or whether they were parties to a lock-in, are entitled to vote. The third group would be the persons who were hired by the company since the strike began and who are dependent upon the company for their present and future livelihood, the people who are commonly known as strike-breakers. The fourth group included in the term "the men affected" would be the office help, the messenger boys, the stenographers, the foremen, the superintendents, the technical people right up to the vice-presidents.

Can anyone suggest that they are not all men who are affected by the strike? Can we afford to accept this recommendation and turn our backs on the Rand formula which brought about a new equation in labour relations, which said in effect that union security equals company security? In my opinion that was the most progressive and socially minded document on labour relations that this country has enjoyed in the forty years since the industrial disputes act was passed. We ought to give it an opportunity to see if it will work before we disregard it.

The decision was first given in the Ford case at Windsor. I have known of the labour relations in that company for twenty years. The annual report of the Ford Motor Company of Canada Limited was presented before the committee, and a portion of it indicated that they were in complete and absolute agreement with the Rand formula. More than that, it had brought peace to the plant; it had brought unity to the plant; it had improved the man to man relationships. It has been said that the Ford Motor Company was decentralizing, and one of the reasons offered was its labour relations. However, to-day plants on the outside are being sold and they are moving in again to Windsor. They are doing this because labour relations are such that they once again feel they can carry on in Windsor.

The Rand formula laid down fundamental principles for this country. Mr. Justice Rand made the bold statement that all workers in a plant benefit from union representation; that all should contribute but that they need not join the union unless they so wished. He declared that in case of a strike every employee, whether he be a union member or a contributor, should have the right to vote. No one could quarrel with that and I think this house generally endorses it. In effect he said that those who share the benefits should also share the penalties. If we accept the committee's recommendation we turn our backs on Mr. Justice Rand's decision and the government will be disowning the very child that it brought into being.

The other part of the clause speaks of a vote under government supervision at the request of either party to the dispute. If we have a strike, we have already had a vote and the union has had a mandate. Will the union ask for another vote? Can anyone conceive of any possible circumstance under which the

union would ask for a vote? Let us examine the other side for a minute. I think we can appreciate that there will be occasions in a dispute when an employer would consider it advantageous, particularly if all the men affected would have the right to vote. Let the strikers' morale sink to a low point. Let the compaign reduce the resistance of the strikers' families. Let the plant be loaded with strike-breakers. Let the employees who have not gone on strike be paid triple pay. Let those things happen, and the employer will certainly call for a vote.

Let us assume for a moment that the employer has picked the time properly. A vote is taken and the minister then determines that a strike does not exist. What happens when the minister says that there is no strike? It is obvious that it then becomes a disturbance of the peace. It is inevitable, if we are to have law and order in this country, that either the police or troops will have to be called in to deal with the matter of the disturbance of the peace. The only alternative is that production resumes on the employer's terms. That is what I think this clause means and I so submit to the house. I think the government is put in an impossible position, because under these circumstances it may well be accused, not without some justice and some truth, that it is in the business of strike-breaking.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. CROLL: Before this house rose at six o'clock, I was dealing with section 6, and pointing out to the house that this section lends itself to many and varied interpretations. My second point is that section 6 in its present form will defeat collective bargaining, which is now the law of the land under P.C. 1003, in that it will result in a greater reliance upon the state, which betrays a lack of faith in collective bargaining and the democratic processes of unions. If section 6 stays "as is", it will inject the government into almost every labour dispute, with the result that in the final analysis it will be fixing not only wages but working conditions, and it may well be interpreted to be attempting a legislative short-cut to bring about industrial peace. That, I submit to the house, has already been tried. May I point out that the German labour front—and I apologize to the minister for even mentioning that as a labour movement in the same breath with our own—was modeled exactly on that principle. In times of a dispute they immediately used a referendum, with the result that unions lost their independence, lost their identity, very shortly became instruments of the state, and faded and vanished from the scene completely. I think hon. members will agree with me that it would be a catastrophe to weaken responsible trade unions, because they have a niche in our way of life and they belong.

My third point is based on the words "before a strike is in progress". I assume that would mean the negotiating stage. Let us assume that the company offers six cents and the union counters with twelve cents. The minister is then put in the difficult position of having to decide if six cents is a fair offer, and he may step in and take the vote. I submit to the house, is it not quite possible that without a dislocation of industry the final result would be that the union would receive nine cents? Those who were members of the committee will remember this particular evidence. Stelco first offered five and a half cents, then ten cents, and finally eleven cents—ten cents straight and a cent for holidays.

Mr. SMITH (Calgary West): Where was the evidence of that?

Mr. HOWE: There is no evidence of that.

Mr. CROLL: Oh, yes; there were six holidays there, which made up another cent. Mr. Brockington's report indicates it. Algoma made an offer of six cents and finally raised it to eight cents. I do not think Dosco ever made an offer; it was consistent throughout. But I remember very well Mr. Justice Roach giving evidence and using words to this effect: "When they close the books you will have had the final offer." It is a matter of judgment whether you have had it or not. He was then talking about a conference which he was holding in Algoma on July 8. As a matter of fact the evidence discloses that at that very time when Mr. Justice Roach thought he had the final offer, an offer of ten cents was being made here in Ottawa. That is not a criticism of Mr. Justice Roach; he had every reason to believe what he did, but it is difficult to say when you have had the final offer.

I think the minister can perform a useful function without departing from his non-partisan role. What we want is a vote of the men who are concerned, a secret vote by qualified voters. We are opposed to telegraphed votes and we are opposed to voting deadheads. With that I think the house and country will generally agree. And, rather than the clause as it stands, it occurs to me

that a clause reading something like this would be more useful: "That a strike vote will be taken under government auspices of members of the bargaining agency and other employees within the bargaining unit who contribute to the maintenance of the bargaining agency." There is a natural desire on the part of the non-union employees, the management, the public and the government to find out how great the sentiment is in favour of the strike. Is the strike desired by the members of the bargaining agency, or is it a mockery for the furtherance of minorities' ambitions? There can be no objection to that, and I certainly have none. My objection is that the present clause is so ambiguous that it becomes highly dangerous, and under it unions will be compelled to fight what may appear to them and may actually be unfair or unjust decisions; they will be forced to fight for their very existence, and they will often be placed in the invidious position of striking against the government, with the result that it may lead to such industrial strife that only two sections in this country will profit, the people on the extreme left and the people on the extreme right.

Mr. HOMUTH: How would they be striking against the government after a vote?

Mr. CROLL: If a vote were taken and they continued with their strike they would be striking against the government.

Mr. SMITH (Calgary West): Oh, nonsense, nonsense. The hon. member is too bright to say a thing like that.

Mr. CROLL: Mr. Speaker, my suggestion is that if the clause is not deleted the minister should make a considered statement as to his understanding of that particular section. In its present form the section may well be a menace and may mine the road to industrial peace.

Mr. MITCHELL: I can do that and I do not think I am a fool. I believe my judgment is just as good as the judgment of the hon. member who has just spoken. I am not going to embarrass a trade union and I am not going to embarrass an employer. What I shall endeavour to do is to be fair, and if both sides are "on the up and up", if they are playing the game as it should be played—

Mr. HOMUTH: You will not need to have a vote.

Mr. MITCHELL: —you will not even have the vote. I do not want to take up too much time, but I can tell the committee lots of things about votes. I have sat in on more disputes than any other man in the country, and I can tell my hon. friend a lot of things about votes. It is not only the politicians that are accused of stuffing ballot boxes.

Mr. GILLIS: Why not give us now your interpretation of clause 6?

Mr. CROLL: The fear I had was that some day in the far distant future the present Minister of Labour may not be Minister of Labour—

Mr. HOMUTH: There is no question about that.

Mr. CROLL: —and for that reason—

Mr. MACKENZIE: I am glad the hon. gentleman agrees that it is in the far distant future.

Mr. CROLL: —I thought it would be in the interests of all concerned if we had a considered statement from the minister. I close by saying this. I think it would be very wise that, in our anxiety to correct what appears to be a bad situation, we do not overreach.

Mr. J. H. BLACKMORE (Lethbridge): In the steel strike and the other strikes in progress or threatened in Canada we are witnessing a clash between the old order and the new, between the old order of scarcity, of want, and of fear, and the new order of plenty and of freedom from want and fear. On the one side we have the government and the companies striving to force this nation back into the shackles of scarcity; on the other side we have the workers' unions struggling to strike from labour's limbs the age-long fetters of poverty. More specifically, it is a conflict between the labour unions and the government of Canada. In a deeper sense the battle is between the workers on one side and the orthodox financial system on the other, between progress and reaction.

The task assigned your committee was, and I quote from the terms of reference:

> to investigate, immediately, all issues connected with and appertaining to the present industrial unrest in Canada.

And again:

> and to report their findings and conclusions to the house.

Before proceeding, I should like to join the other members who have spoken in a word of appreciation of the members of the committee. I found the chairman fair and conscientious; I found the steering committee industrious and thorough; I found the members of the committee devoted to their duty and, in very large measure, tolerant and patient. I enjoyed every minute of the long periods we spent together.

The report of the committee aims to be unbiased, not to take sides. It aims to be judicious, not to aggravate the difficulties, and it aims to be helpful. But the report falls far short of expectations—the expectations of labour, of industry, of the government and of the country. What the committee did was to hear briefs for labour, for industry, and for the government against granting labour's request, and for the government to show why its machinery for dealing with industrial disputes is adequate.

Without desiring to reflect at all on the steering committee, I may say that, as I review the whole situation, it does look to be a peculiar bill of fare for a committee charged with the responsibility with which this committee was charged.

The committee found an apparently impossible situation. I believe every member of the committee was consciously or unconsciously aware of that fact. We had labour demanding in effect fifteen cents an hour increase and a 40-hour week. We had industry affirming that it cannot or will not pay that amount. We had the government insisting that any wage increase above ten cents will cause inflation. We had this fact; that the 15-cent increase to the steel industry would be taken as a pattern all over the country and would cause demands in every industry for similar increases. We found each increase in wages tending to cause a corresponding increase in the cost of goods and consequently in the cost of living; and each increase in costs of goods tending to force demands for higher wages. This was a situation which I think everybody realized and it caused everybody a measure of frustration. There was this additional truth underlying the whole situation, that if costs of production in Canada were increased too far through wage advances, then two serious results would come about. In the first place, Canadian industries would be unable to sell their goods in Canada in competition with goods of a similar nature coming in from outside, and, in the second place, Canadian industries would be unable to sell their goods in competition with the goods of other countries on the world's markets.

It would be extremely difficult to find more complications for one committee of men to deal with in one month. What could possibly be done to provide a square deal for all? The whole Canadian economy was thus in reality found to be in an economic straitjacket. No matter how much we produced, men could get no more. As a matter of fact, the more we increased our production in Canada, the more we increased our real wealth, in all probability the worse would be our poverty. Obviously, something was radically wrong. The committee was not given an opportunity to investigate that which was wrong or what might be done to correct the strange paradoxes which were discovered to exist, the strange conflicts and contradictions.

The committee failed to do a number of important things. It failed to get evidence to support Donald Gordon's contention that an advance of more than ten cents would cause inflation or an increase in the cost of living. I was astounded at the readiness, almost the abject humility with which the committee listened to this man lay down the law to them, accepting him without question. After seeing these same men act in the House of Commons, I found myself at a loss to understand what had happened.

The committee failed to get a clear picture of the situation as regards inflation. Donald Gordon said that an increase of more than ten cents would cause inflation, but we never had clearly defined for us what inflation was. It was never laid down in so many words, and we never demanded that it should be so laid down, that, after all, inflation is only a rise in prices. It was never laid down to us that the ordinary cause of inflation is a shortage of goods. It was implied several times, but never specifically stated. The committee never had given it the causes of inflation. There are three of them; first, the scarcity of goods in relation to the amount of money in circulation in the hands of the consumer and coming into the markets to buy; second, an increase in costs which will force up the price, and third the manipulation or the writing-up of the price. These causes of inflation were never laid down definitely before the committee.

The committee never learned, or never had the evidence brought before it, to show the safeguards which might be used against inflation or the remedies for inflation. It was never shown, in any scientific sense, to what extent the causes of inflation are operating in Canada to-day, the extent to which the safeguards against inflation are being employed in Canada, or the extent to which the remedies for inflation are being recognized and used by the Canadian government, or are available to the Canadian government, or could be made available to the government, or could be used by the government. The result was that the whole concept of inflation was left nebulous.

The committee failed to get evidence to show whether each of the steel companies could, without increasing prices of its products, pay the minimum wage demands of the union.

We had the statements of the companies, but never an examination in any scientific and thorough way by anybody, by men appointed by the government to do just that thing and give a report to the committee. We never learned exactly what is the financial position of each of the companies, how fat it is, to use a common and rather vulgar expression, how much of the fat the Canadian people have the right to oblige the companies to lose. The committee never had set out before it how much capital is legitimately invested in each company, or how much was put into it; how much of its savings had been reinvested in equipment, how much watered stock is in the capital of each company. I was astonished to find that matters of that sort were never outlined to us in any detail.

We never had brought before us how much yearly profit each company had made, or the average yearly profit over say twenty-five years, which I think is an important matter, or whether or not that rate of profit was reasonable; that is, whether it was enough in comparison with what ought to be reasonable. We never had a standard set before the committee to show what should be the reasonable profit of a company. We never had the question answered, is that profit rate large enough to encourage men of means to invest their money in this industry, or is that profit rate large enough to stimulate the company to optimum production, or is the financial strength of the company all that is required to enable it to compete successfully in the Canadian market against steel coming in from other countries; and then to compete in foreign markets? Until these questions could be answered regarding each company, it was obviously utterly impossible for the members of the committee to form any accurate conception whatsoever as to whether the companies could pay.

The committee failed to get evidence to show whether, under the present financial system, it would be economically feasible for the government to subsidize each of the steel companies sufficiently to enable it to pay increased wage demands without increasing the prices of the product, to subsidize either with money from taxation or with money borrowed. This matter was never canvassed, yet is one which I think was an important issue pertaining to the problem which the committee had to study.

The committee failed to get evidence to show whether or not the wage demands of the steel union are excessive. At present prices in Canada what is the wage required to support a family in health and decency? No evidence whatsoever was submitted. Apparently the government gave no attention to that problem, whereas it would seem to me that that matter should have been gone into with great care as applied to Hamilton, Sault Ste. Marie and Sydney.

The committee never did get evidence to show whether, under the present financial system, the Canadian economy can stand to pay the union wage demands, financially or physically. Considering the fact that there would be corresponding increases throughout all industry, when we remember the broad terms of the problem submitted to the committee it must be surprising that no such evidence was brought before the committee which was supposed to examine into all the issues pertaining to the industrial unrest in Canada.

The committee never did get evidence to show whether or not, under the present financial system, it would be practicable to bring down by subsidies the cost of living to the level, say of January 1, 1945. This matter would have had an important bearing upon the wage demands of the union. We never went into that question.

The committee never got evidence to show whether or not each of these steel companies, namely, Stelco, Algoma and Dosco, is essential to the welfare of the Canadian people. It did not get evidence to show whether, and to what extent, the manufacturing of steel for export is essential to the Canadian economy. It failed to get evidence to show whether or not government ownership of these three steel companies and of other companies if necessary would enable the Canadian government to provide the workers with a living standard of decency and health without increasing prices, without impairing production, without jeopardizing the economic and competitive stability of the companies, without curtailing freedom to strike and bargain collectively.

The committee did not get evidence to show whether and to what extent debt-free money created by the state could be safely employed to pay either subsidies requisite for bringing down the cost of living, or wage bonuses to the workers, thereby increasing their incomes without increasing the cost of producing steel. Certainly this would be an important issue pertaining to the whole problem of industrial unrest in Canada. Lacking information as regards each of these important issues which I have mentioned, connected with and as pertaining to the steel strike as a manifestation of the present industrial unrest in Canada the committee, I submit, failed to report conclusions upon the matters of wage rates and hours of labour, the

two vital bones of contention in the whole struggle. This fact I think must be looked upon as being surprising.

When the committee commenced its operations I believe everybody realized that the two vital questions being asked were whether we could grant wage increases in the amount demanded and whether we could give the workers hours of labour which they requested. Yet we made no report bearing on either one of these essential matters, largely because we failed to get the evidence which would have enabled us to form a sound opinion upon these two most important matters.

We found, Mr. Speaker, that the problem was exceedingly grave, as I have already indicated.

Mr. LOW: Mr. Speaker, on a point of order, I do not think it should be necessary for an hon. member to rise and ask for the courtesy of a decent hearing for an hon. member who is speaking. This thing has gone on so long that it gets under my skin, and I ask that you call order.

Mr. BLACKMORE: From the amount of talking that is going on in and around the chamber one would think hon. members were not the slightest bit concerned about this strike, or that they assume that hon. members of this group know absolutely nothing about it, notwithstanding the fact that they themselves do not know what in the world to do with this problem. If anyone can imagine a more grotesque situation than that I should be glad to have him call me up some morning and tell me about it.

Mr. SMITH (Calgary West): Don't two of you jump on us; one is enough.

Mr. BLACKMORE: That is good: I hope it will not become necessary again. It is an easy matter just to start talking, you know, and make it absolutely impossible for an hon. member to be heard even by those who wish to hear him.

The gravity of the problem, Mr. Speaker, becomes manifest when you consider the psychology which is abroad in the country at the present time. There is a dangerous psychology on all sides. First, with respect to labour, the present labour leaders in Canada have seen strange things in this glorious country of ours. Let us not forget for a moment that these memories have been in their minds all through this struggle. After the first world war, in the twenties, the labouring people saw a period of almost unprecedented prosperity in Canada. Trade was buoyant; production was bountiful; credit was relatively easy to get. But the incomes of the great rank and file of the Canadian people were meagre; they were shamefully low.

Then suddenly in 1928 and 1929 something happened. Then came the baffling thirties. All the farms, the forests, the mines, the fisheries and the factories were still in Canada. All the splendid people of Canada were still in this country; skilful, ambitious, industrious, patriotic, patient and cooperative; the same people who eagerly produced and gloriously fought in world war I; the same people who within ten years were to dazzle the world with their magnificent production for world war II and their splendid and heroic striking impact wherever they found the foe.

All through the terrible thirties, I say, these great resources were in Canada; the same Canadian people were present in Canada; the warehouses were bulging; Canadian store shelves were sagging with goods. Yet Canadian industries stood half idle; Canadian workers, yearning for work, languished in idleness or rode the rods or camped on the roadside, while a Liberal member of parliament honoured the men who were to become the heroes of Dieppe, of Sicily, of Ortona, of the Falaise Gap by styling them "spineless yaps and street-corner bums."

Canadian misery was widespread. "There is no money" was the plea in parliament and press, on platforms and in the offices of bank managers. The cry was repeated and reiterated dismally, "There is no money."

Then suddenly war broke out. Money soon was everywhere. It sprang up like grass blades in the spring. Whereas previously we had spoken of a million dollars with considerable respect, if not reverence, we now began talking and thinking glibly of billions; billions for tanks, aeroplanes, ships; billions for guns and gasoline; billions for pork and eggs; billions to lend abroad or give away. Government officials and cabinet ministers declared sternly that what was physically possible would be made financially possible. The only factors limiting our war effort were to be materials and man-power.

By 1944, though more than one million of our finest producers were overseas fighting, Canada was able to produce an almost stupendous quantity of tanks, aeroplanes, guns, ships and so on; of food, clothing and other necessities with which to supply our fighting and auxiliary forces; food and supplies to provide for our allies; food and clothing for ourselves, to provide the people at home with a higher standard of living than they ever enjoyed before in history.

Now labour and all thoughtful citizens in Canada want to know; is our Canadian peace

effort to be as successful as was our war effort? Is our peace effort, as was our war effort, to be conducted upon the principle that what is physically possible will be made financially possible? And if not, why not?

This question is in the minds of the labouring men all over this country, and the whole situation causes a dangerous psychological set-up. Already labour has been told that the Canadian Liberal government cannot afford money for the payment of subsidies to keep down the price of milk for the poor man's family, to keep down the prices of jams, jellies, corn syrup, corn starch, raisins, prunes and other vital commodities for his table; to keep down the price of clothes for himself or his children.

Mr. MACKENZIE: Two hundred million dollars for it.

Mr. BLACKMORE: The hon. member will have plenty of opportunity to talk when I am finished, but then he will not feel like talking. We cannot find money for anything to help the poor, struggling Canadians who fought or who gave sons to fight; who paid the taxes; who toiled at the wheels. Already men in high places are beginning to think, and soon will begin to say, "There is no money." Common sense clearly tells us that in that direction lies depression, misery and black despair. If anyone supposes that this sort of thinking is not in the mind of practically every labouring man in Canada, then he needs to learn what is in the minds of the labouring men; he needs to get them talking. We experienced poverty in the midst of plenty in the hungry thirties. Are we being led toward an even more hopeless poverty in even more hungry fifties? And shall we, as Canadians, tamely submit to this sort of thing?

With respect to the psychology in industry; the industries of this country themselves, the very industries which are now struggling against labour, saw depression. They saw overproduction; they saw lack of markets; they saw their factories partly idle; they saw increased overhead, and by reason of that fact they sustained losses. Now they see the repetition of that depression coming, in which there will be shortage of purchasing power and failure of markets both at home and abroad. They see productive capacity greatly increased; then they see taxation very burdensome already, and their troubles increasing.

Mr. GRANT: Can't they sell post cards?

Mr. BLACKMORE: Now they are full of fear for the future. This was made abundantly clear, I believe, by each of their representatives who appeared before the committee.

Mr. GRANT: Good money in post cards.

Mr. BLACKMORE: Yes; you are deeply interested in solving the problems of the nation; wonderfully interested!

Now, as to the people of Canada as a whole, from coast to coast; they also fear the future. They fear unemployment; they fear depression; they fear an increased cost of living; they fear ruinous taxation which they are now enduring and by which they are being crushed. They fear painful shortages. This is the psychology obtaining throughout Canada; this is the background against which this strike struggle is being carried on.

There simply must be a solution which will be a real solution, not a return to former ways of doing things. Public feeling is running high. There may be grave disorders. There is economic necessity for a solution different from anything we have had before. I am going to quote a passage from the report of the Bank of Canada for 1944, by Graham Towers. This passage indicates quite clearly that the writer saw there would have to be great changes, but we see no evidence of any contemplation of such great changes by the present government. This is one of the things which distress and dishearten the people as a whole. I quote from page 12:

> It seems likely, however, that at least 4,700,000 workers will be available for employment in civilian jobs, or at least 1,500,000 more than the number employed in that sector of the economy at the present time. A working force of this size, at present rates of efficiency, will be able to produce a vastly greater volume of civilian goods and services than Canada has ever known before.

Is it to be supposed, I interpolate, that industry does not realize that?

> By the same token, a vastly increased volume of consumption and capital development will be necessary if this output is going to be fully absorbed and high employment maintained. The adjustments required will clearly be of unprecedented magnitude, and bold planning on the part of labour, farm and business organizations, as well as governments, is urgently needed.

There is a warning of extremely great portent. That was in 1944, but there appears no inclination, and there appeared to be no inclination before the committee to take into consideration matters of that kind.

May I turn to another set of figures at page 9 of Graham Towers' Bank of Canada Report of 1946. A set of figures is given there which indicates the tremendous productive power of Canada. In 1944 she produced $11·8 billion worth of goods and services, and in 1945 $11·4 billion worth. All such amounts of goods and services must be purchased in the post-war years somehow or another. The government spent in 1944 $5·4 billion on those goods and

services, and shipped them away to be wasted. And in 1945 the government spent $4·5 billion.

This vast expenditure will fall off, now that the war is over. What is going to take the place of that purchasing power in the Canadian economy to absorb Canadian goods? Any thoughtful person will ask that question with great apprehension. The people of Canada, because of the war incomes they were enjoying in 1944 spent $6·2 billion, and in 1945 they spent $6·5 billion, whereas in 1938 the poor, unfortunate Canadian people were able to spend only $3·7 billion. We are rapidly returning to the 1938 position, as the economic incidence of war is falling off.

Now the question arises: What is going to happen with all this tremendous production? One of the men representing industry definitely referred to that three or four times in his evidence—the anxiety he felt regarding the future.

It is a well known fact that the Canadian income in 1941 was exceedingly low. I have already put on record twice this year evidence to show that in the year preceding June 2, 1941, for all Canada 32·9 per cent of Canadian wage-earners were receiving $450 a year or less; 28·7 per cent received between $450 and $949 yearly, and 91·5 per cent of the total Canadian population received less than $1,950 a year.

It must be obvious to anyone that some tremendous measure must be taken to replace the purchasing power which evidently is going to fall off. What is being done? This whole matter was actually part of the problem. It should have had scrutinizing attention from the committee.

May I offer what would have been the Social Credit proposals, if the Social Credit group had been making recommendations to parliament. We would have recommended, first, that Mr. Millard's wage offer to Mr. Brockington was fair and reasonable. I believe practically everyone agrees with that.

We would have recommended, second, that the government should reopen the plants at once on the basis of Mr. Millard's offer.

In reopening the plants the government should adopt those requisite measures which might appear best calculated (1) to avoid further price increases in Canada and (2) to avoid impairment of the economic stability of the steel companies.

We would have recommended, third, that the government should immediately begin to take all necessary steps to reduce the Canadian cost of living with the objective of bringing that cost of living back to the level prevailing on January 1, 1945. That objective should be attained not later than January 1, 1947, and, if possible, by November 1, 1946.

Fourth, the money necessary to implement these recommendations, the government should obtain by a series of "win the peace" victory loans, the first of the "win the peace" victory loans to be offered in the fall of 1946.

Fifth, the government should appoint a royal commission on industrial relations to examine into each of the issues the committee failed to investigate.

The royal commission should study with care the many issues the committee ought to have studied in order to be able to make an intelligent report on the whole of industrial unrest throughout Canada.

The reasons for the recommendations I have mentioned are these:

First, Mr. Millard's wage offer to Mr. Brockington was not excessive. Canadian industry can produce enough goods to provide a standard of living for Canadians consistent with such an income as this wage rate would allow. This wage will do very little more than give health and decency to workers. Workers ought to be able to save. Canadian producers need more purchasing power in the hands of consumers to supply the producers of Canada with home markets.

The government should reopen the plants on the basis of Mr. Millard's offer to Mr. Brockington, because production in Canada has already been far too much impaired. The loss we have already sustained in the Canadian economy is almost irreparable. Confidence among both employers and employees in Canada ought to be restored at the earliest possible moment, and the government ought to lead the way into the new order of abundance.

All during the war we heard talk about the new order that was to be. Even on one occasion the Prime Minister (Mr. Mackenzie King) waxed enthusiastic and talked about a new heaven and a new earth. Why in the world does he not come to grips with our economic problems, and lead the way into that new order? Why do his ministers stand as blocks in the way, while labour has to struggle and risk its all in order to force the government into something like a progressive policy? That is a question any ordinary man would ask. The government ought to lead the way.

In reopening the plants it should adopt measures which will avoid price increases. The wage increases could be given as a government bonus, which would not enhance costs of production. Failing that, the government could subsidize plants to enable them to absorb costs of wage increases.

Mr. SMITH (Calgary West): Will the hon. member permit a question?

Mr. BLACKMORE: If I had more time I would be happy to answer any questions.

Mr. SMITH (Calgary West): I am sorry to have interrupted.

Mr. BLACKMORE: I wonder if the hon. member would ask his questions when the estimates of the Department of Labour are before the committee, and we will take them up then.

Mr. SMITH (Calgary West): I gather the hon. member does not permit a question; is that right?

Mr. BLACKMORE: Go ahead.

Mr. SMITH (Calgary West): The hon. member is talking about subsidizing industry. He would go so far as to say that to hold prices he would subsidize all industry in Canada.

Mr. BLACKMORE: If it should be found necessary. But if the hon. member will wait until I have finished what I have to say, he will see where this money is coming from.

Some hon. MEMBERS: Oh, oh!

Mr. SMITH (Calgary West): May I say I did not intend to be rude; I was just looking for information.

Mr. BLACKMORE: I understand that, fully. I wish to say now that hon. members all over the house laugh at any talk about where the money will come from. Mr. Speaker, some new principle must be discovered or this nation is going to economic chaos. It must be obvious to every hon. member that those who laugh at the proposal we Social Crediters make do not understand it; but they have no possible solution of their own. That is the amazing thing one sees in this day in 1946. If hon. members would just listen a little bit, and not be so cocksure that they know everything, it would be better for them.

Mr. SMITH (Calgary West): I have been listening.

Mr. BLACKMORE: That is right; I am not singling out any man. It is easy enough to laugh at someone who is outlining something which people do not understand. But let me tell you, that they will laugh on the other sides of their faces if we do not get this problem solved in due time. There will be no laughing matter about that.

Measures resembling the two I mentioned before interruption, financed ultimately with state-created, debt-free money would enable industry to pay living wages, without adding to the costs to the consumer.

Provided that Canadian production were first stimulated to a point at which needs of Canadians were supplied, the increased amount of money resulting from these measures would not cause inflation through scarcity of goods and services. This is the only genuine, legitimate cause of inflation. All the talk about funny money and rubber money, and all that other contemptible nonsense we hear in the house and in the country has no foundation at all either in logic or in reason. Let men take the pains to get the economic facts into their minds, and form their policies on the basis of those facts. The government could bring down the cost of living to the January 1, 1945, level by subsidizing the prices of certain key products. The withdrawal of government subsidies on certain commodities caused or permitted the rise in prices that resulted in mounting living costs in Canada. The opposite process obviously would reduce living costs. Therefore, to speak of bringing back by subsidies, the cost of living to the standard of January 1, 1945, is not fantastic.

Money for the present should be raised by "win the peace" victory loans because production in Canada is at a low level. Consequently state-created debt-free money could not be used at the present time without inflation because there is a shortage of goods. Canadian supply is too low to meet the needs of Canadians. There appears to be already in the hands of the consumers more money than there are goods and services to buy with that money. This means that there would be an inflationary tendency owing to scarcity of goods.

Scarcity of goods must be overcome. Production must become buoyant, abundant and universal in all our industries. The time will then come when there will be more goods in the markets than there will be money in consumers' hands to buy. Then the state will be able safely to create debt-free money to represent the surplus production. Such debt-free money will then be available to the government to pay subsidies and bonuses to maintain stable and equitable prices and to maintain stable and equitable wages. But industries must go into action immediately. Social Crediters would advocate debt-free money under normal circumstances in Canada but we suggest that debt money be used now, because of shortage of goods and because the people of Canada generally do not understand enough about money to welcome debt-free money. We must tide over the present crisis.

A royal commission ought to be appointed to learn for Canada all the essential facts about our economic and financial system and learn

what possible measures can be taken to reform our economic and financial system so that we may be able to go into a new order of abundance. Let a royal commission discover for us the means of ushering in and establishing a new order of plenty for our Canada, a land of plenty in this age of plenty.

Social Crediters earnestly suggest that a way out of our industrial unrest can be found; it has been found. Social Crediters are confident that there is a way by which we can bring into being a new order of abundance and freedom, freedom from want, fear and curtailment of our personal liberties. Social Crediters urge in all sincerity that the road to the new order of abundance and freedom can be found through the applications of the principles and the technique of Social Credit. Let Social Credit point the way.

I say to members of the house who have desired to question me that this matter will come up again when we are discussing the estimates of the Department of Labour if all goes well. I can and will then answer all questions which hon. members may wish to ask pertaining to the principles, the technique and the philosophy of Social Credit and point out how those principles may be applied to the problem which confronts us.

Mr. J. A. CHARLTON (Brant): Mr. Speaker, this problem is much more serious than most people realize. I am a farmer and proud of it. I appreciate the opportunity of being a member of this committee. Until the last week, when the C.C.F. finally decided they should have a representative on the committee, I was one of the two members representing agriculture. I want to make it quite clear that I am not one of those hyphenated farmers the hon. member for Vancouver East (Mr. MacInnis) referred to earlier in the session. I want to say also that I am definitely in favour of trade unions, at least those which have sound and sensible leadership. I have stated on various occasions that until labour, farmer, industry and consumer representatives can sit together and discuss their various problems and arrive at some reasonable understanding there can be no satisfactory settlement of the present economic strife.

Farmers do not understand labour; labour does not understand industry, and the consumer is seldom considered. Each group is inclined to have a selfish attitude, and obviously each is pulling against the other instead of all working as a team for the good of Canada as a whole. I want also to condemn at this time certain trade unions which are allowing themselves to be led around on a string by communists. There are a great many communists in Canada and it seems that they do not want these strikes settled. Who is the loser? The working man, first and always, with the loss gradually spreading to affect every individual in the country except the man causing it.

Many of these communists came from outside Canada to enjoy the privileges of a free country. Some of them even changed their names, which is their privilege under our laws; but, having done this and having acquired citizenship, they immediately set to work to wreck the economic structure of the country which gave them their freedom. They gained the confidence of their fellow workers by the fact that they were able to express themselves on the public platform. They gave them leadership, but unfortunately this type of leadership can lead only to trouble. Apparently that is all the communist is trying to do, cause trouble and thus slow up production in this country. I should like to quote from *Responsible Enterprise,* special bulletin No. 34:

> The communists prepare to sabotage
>
> The Labour-Progressive party of Canada held its second annual convention in Toronto on June 1 and 2. Tim Buck was reappointed as leader. William Z. Foster, head of the United States communist party, was present on instructions from Moscow which he admitted during the proceedings.

And later:

> In the closed session there was no need for the communists to bemuse and bewilder by verbiage. Foster and Buck defined the real objective of communism on this continent "to make war against the Soviet Union impossible in any circumstances." The method is simple. The moment war breaks out, there will be a general strike, paralyzing all activity, and guaranteeing the immediate triumph of the Russians. And then would come the pay-off; the handing over of the United States of America and the British commonwealth to the communist gangs that had staged the sabotage.

And further down:

> Foster emphasized the importance of more active "rehearsal strikes" in Canada. He said they were reasonably satisfied that there would be no stability of industrial relations in the United States until the moment of "universal liberation." Buck and his leaders solemnly pledged themselves to speed up their wrecking tactics in Canada. The campaign for 10,000 new members is the published objective.

To-day we are faced with a situation where workers not only claim the right to strike, that is to withdraw their own labour from a plant, but assert also the right to prevent other workers who wish to do so from working. In attempting to prevent movement in and out of a plant, recourse has been had to intimidation and even to violence. The

present dispute at Hamilton furnishes evidence of an attempt to deprive workers of their free right as citizens to work when and where they wish.

Who else can possibly be responsible for allowing such a condition to continue other than this government? Is it that the Liberal party, being fearful of losing its prestige with the people of Canada will cater to any group for their support at election time? The evidence would indicate such was the case. An editorial which appeared in the *Globe and Mail* of August 13, 1946, had this to say:

"O! Unhappy Union"

Prior to the general election of 1945 and throughout the campaign itself, the communist party was allied with the Liberal party and laboured industriously for the reelection of the King administration. This is a fact well known to all who took notice of the actions of the Labour Progressive party, which name was the war-time camouflage adopted by the communist group to "legalize" its existence.

Then further:

The evidence is written into the record of the campaign itself. For example, the Owen Sound *Daily Sun-Times* on February 3—the Saturday before the votes were cast—published a full-page advertisement. In large type across the top was this heading: "Union Leaders Coast to Coast Support McNaughton." Below there appeared pictures of members of the communist party who are active in the trade union movement and who were urging support for the Liberal party candidate. The advertisement quoted these communists as saying, "The people of this country need General McNaughton in the House of Commons." and further, "They appeal to you, voters of North Grey . . . to vote for General McNaughton on Feb. 5." . . .

At the bottom left-hand corner of that full-page endorsement the following appeared: "Published by the authority of the North Grey Liberal association." In other words, the Liberal party paid for the communist publicity in support of its candidate. It was, indeed, a sad day for Canada when that union was in force,—

Mr. Speaker, it is rather hard for me to speak because there is so much noise in the house.

Mr. SPEAKER: Order. I would ask hon. members not to speak so loudly. The hon. member who has the floor should not be disturbed.

Mr. CHARLTON: Thank you, Mr. Speaker.

It was, indeed, a sad day for Canada when that union was in force, much too sad to be passed over now as "unutterable nonsense."

On February 9, 1945, there appeared in the Toronto *Globe and Mail* the following:

Buck explains why minister beaten

Tim Buck, national leader of the Labour-Progressive party, issued a statement yesterday attributing defence minister McNaughton's defeat in the Grey North federal by-election Monday to "reactionary Toryism, helped by the suicidal policy of the C.C.F."

Mr. Buck's statement said:

"Only cooperation between the forces of labour and the progressive Liberals can stop the Tory offensive, and appealed to all progressive people and especially honest supporters of the C.C.F. to condemn the policies which are bringing Canada to the brink of disaster."

On March 9, 1945, there appeared in the Toronto *Telegram* an editorial which I quote in part, as follows:

L.P. Party's Election Manager
Becomes a Canadian at Last.

Word comes from Ottawa that departmental action has been taken to relieve the Labour-Progressive party of the embarrassment of having as its national election manager a man who is not a Canadian. Naturalization papers have been issued to Samuel Carr who has been national organizer for the party. Apparently not a little pressure was necessary to secure this change in status, as vain efforts to obtain naturalization have been made on his behalf through the past fifteen years. Labour-Progressive cooperation with the Liberals in North Grey may have helped in procuring naturalization on the eve of the approaching general elections . . .

Now, at long last, Mr. Carr has become by official decree, a Canadian citizen in good standing. He has his papers, signed and sealed at Ottawa, to prove it . . .

In the Winnipeg *Free Press* of June 6, 1944, appeared the following:

Buck makes offer to Premier King

Tim Buck, Labour-Progressive leader, said yesterday in an interview that his recent invitation to Prime Minister Mackenzie King to join forces with his party has been misunderstood.

He said he had "intimated" to Mr. King that after the next general election he "might have the support of the Labour-Progressives.

"I merely suggested to him," added Mr. Buck, "that if his legislation become liberalized—and spell that with a small 'l'—that if he played down our alley now we might throw our weight his way when the House of Commons is split many ways after the next election."

Commenting later on Mr. Buck's remarks, A. G. McLean, director of the National Liberal confederation, said the Liberal party "welcomes cooperation from everyone in Canada in putting into effect Liberal principles and policies because we are sure these policies are the only real answer to the problems which face Canada and the whole world and to the problems which will face us in the future."

Now we see in the papers that the leader of the C.C.F. socialist party—

An hon. MEMBER: What has this to do with the committee's report?

Mr. CHARLTON: —has been offered the leadership of the Liberal party. Is this just another carrot on a stick, or could we assume the old adage is correct that where there is

smoke there must be a little fire? There must be some truth in what we hear and see, because the Ottawa *Journal*, on August 15 of this year, contains an editorial under the heading:

Mr. Coldwell does lead them

Mr. M. J. Coldwell, C.C.F. chieftain, yesterday came out with this:

"It is true that over the past eighteen months approaches have been made several times to me with the suggestion that I should consider accepting the leadership of the Liberal party or of a Liberal-C.C.F. coalition . . .

Mr. TOWNLEY-SMITH: What has that to do with the committee's report?

Mr. SPEAKER: I am sorry to interrupt the hon. member, but he is out of order, in that he is not dealing with the question which is before the house.

Mr. LENNARD: It has more to do with it than most people think.

Mr. CHARLTON: Mr. Coldwell's statement as quoted in the editorial continues:

"—but I have always stated explicitly that I would neither consider nor approve it."

Well, why should Mr. Coldwell consider it?

Mr. NICHOLSON: Mr. Speaker, I understood that you gave a ruling that this material is irrelevant to the matter before the house.

Mr. SPEAKER: I would call to the attention of the hon. member that the motion before the house is:

That the second report of the committee on industrial relations, presented on Saturday, August 17, 1946, be now concurred in.

I would ask him to confine his remarks to the motion which is before the house.

Mr. CHARLTON: I was merely trying to show the house that communism has a great deal to do with the present industrial labour unrest.

Mr. NICHOLSON: Has it something to do with the steel strike in Hamilton?

Mr. CHARLTON: I said, strikes in general in this country.

Mr. HOMUTH: What would the hon. member for Mackenzie (Mr. Nicholson) say? Let him answer his own question.

Mr. CHARLTON: I continue:

Well, why should Mr. Coldwell consider it? Why bother about having something in name which he has in fact?

Here is another editorial, from the Montreal *Gazette*, dated August 19:

The C.C.F. presidium, with all the force at its command, has repudiated the suggestion that its long-range strategy is a socialist union between the C.C.F. organization and that of the federal Liberal party. The vigour of the denunciation precisely gauges socialist fears that the exact contrary may become a political inevitability. The C.C.F. is not likely to unite with the federal Liberal party as senior partner; it is in danger of being absorbed without trace by the Liberals.

Mr. SPEAKER: Order. I have given great latitude to the hon. member, but I would ask him to confine his remarks to the motion before the house. If he does not do so I shall be obliged to ask him to resume his seat.

Mr. CHARLTON: There was a great deal said in this house this morning concerning this very thing, and I do not think it had any more relation to the question on the order paper.

At least we have heard nothing to the contrary from the government either officially or otherwise, therefore we must assume that these reports are correct.

Mr. NICHOLSON: Reports on what?

Mr. ST. LAURENT: It is a pretty big assumption.

Mr. CHARLTON: If the hon. member for Mackenzie had not been interrupting so much he would have heard it.

How far will this Liberal tentacle reach out to satisfy its demand for complete control?

This government has had no definite labour policy. If the present laws are not satisfactory, then they should be rescinded. If they are satisfactory, they should be enforced. It would seem that no one in the government has courage enough, or if they have the courage, they are not allowed to say what they really think, or to state a definite policy and stick to it.

The people want leadership, sane, sensible leadership, but it is not forthcoming from the government. So they accept the leadership of radicals and communists who make all kinds of ridiculous promises to the workers but have no responsibility. No doctor can cure a condition by simply treating symptoms. He must find the cause. Likewise, no government can cure the present economic conditions by merely salving over wounds. Too much thought is given to votes—more salve for the open wound, where actually some surgery is required to close the wound.

In recent years labour has accomplished much in the way of improved wages and working conditions, which I believe just and right. But let us compare this with the position of agriculture. Taking 1913 as the base period, when industrial labour and agriculture were equal at 100, the position of labour as of 1945 was approximately 264 while agriculture stood at approximately 162, or a difference of 102 points. I quote from the Searle index:

A bushel of Canadian wheat to-day, according to the records of the Searle Index, has a purchasing power over the things that farmers have to buy for their living and production of only eight per cent more than it had in 1913, whereas the hourly wages of Canadian industrial labour have a purchasing power to-day of 64 per cent more than these same wages had in 1913. Why then, we ask, should not our farmers enjoy the fruits of this increase in the Canadian standard of living that has been brought about by Canada's natural economic progress since 1913, and which increased standard of living is enjoyed by Canadian industrial labour and by many other groups of individuals? In considering all these prices, it is to be remembered that the Canadian dollar of to-day has only the same purchasing power over the things that farmers have to buy as 62 cents had in 1913.

This condition cannot go on. There must be some reasonable equalization, or agriculture will fail to produce and money will mean very little if the necessities of life are not available in sufficient quantities to supply the needs of the people.

Thousands of farmers left their farms to work in industry during the war. They found it easier, fewer working hours, less responsibility, workmen's compensation, unemployment insurance and city conveniences in their homes. But they must eat, and with this added burden of production on fewer farms, and with the cost of production rising steadily, agriculture finds it more difficult to carry on.

I think I can safely say that as far as agriculture is concerned the present demand by labour for a 40-hour week is the breaking point. I am not saying that labour is not entitled to a 40-hour week, but I do say that agriculture cannot compete in the labour market at that figure. It would either require the farmer or his family to do more of the work or put on two shifts, which would increase considerably his cost of production. With price control in effect, agriculture must come to this government for an increase in the price of farm products. This in turn increases the cost of living and labour demands higher wages. In order to meet these demands, industry feels it should have more for its product, and round and round we go; where we stop nobody knows.

I see logic in labour asking a one-cent increase in wages per hour for every one point of rise in the cost of living index, but Mr. Millard, in answer to a question in the committee, did not seem willing to allow wages to go down in the same proportion if the cost of living index went down. He likened it to an insurance policy, but there was no mention of premium payment. If price control is to be continued until we get past the point of dangerous inflation, then everyone must be prepared to sacrifice a little for the sake of Canada and our future. We must plan ahead, not stumble blindly along thinking only of the present.

While I recognize the right of every worker to join the organization of his choice, I also believe in the right of every worker to abstain from joining any organization or to retire if he is a member and if that be his wish. I cannot agree to the view that the right of any individual to earn a living must be dependent upon the payment of dues to any organization. A trade union should see that its leadership and union activities are such that every worker wants to belong. Collective bargaining will never fulfil the hopes held out for it, nor will there be stability in labour relations unless increased right afforded labour is accompanied by the assumption of increased responsibilities, and unless there exists mutual confidence between the parties that an agreement once entered into will be honoured.

Strike action to date has lost for Canada millions of dollars' worth of export contracts. It is clearly the responsibility of the government to settle it. This can be done if our national leaders have the will and the courage to face the problem fairly and fearlessly.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, I rise to take part in this debate by reason of my own special interest in restoring industrial peace to Canada. I had taken on the obligation as Minister of Reconstruction which seemed onerous at the start but which became impossible during the last six weeks when labour unrest came to the boiling point.

Let me say that the committee that has been studying the labour situation has been, in my opinion, well worth while. I am not going to give a review of the work of the committee. That was done in a manner both brilliant and accurate by the hon. member for Calgary West (Mr. Smith). I want to say I think the members of the committee have a better understanding of the calibre of labour leadership in Canada through hearing the labour leaders that appeared before them, and perhaps a better understanding of the calibre of industrial leadership from the few representatives of industry whom they heard.

I believe there is one thing that struck every member of the committee, and that is that of the labour difficulties which were reviewed by them, all had failed to follow established procedure of government for the settlement of disputes, and everyone of them had to be rated as an illegal strike. Another thing which I think must have impressed itself on the committee was the obstacles put in the path of any possible settlement of the steel strike. That was not an ordinary dispute

between employer and employees. It was converted into a dispute among several employees, all with different types of production and different financial problems, and groups of workers in several industries, many of which were quite dissimilar from other groups involved in the dispute. The demand was that all be settled by a common formula.

It was quite impossible for any of the principals in the dispute to settle with their workers by bilateral bargaining. That was obvious. For example, if Stelco had wished to settle its dispute with its employees it was quite unable to do so unless by some means clearly beyond its power it was able to induce Dosco to settle on another formula with its employees and to induce Algoma to do the same. It was obviously a dispute directed toward the government, for only by the exercise of arbitrary powers by the government could the many factors in the dispute be resolved. The dispute was not even confined to basic steel. The problems of basic steel have some resemblance as between one plant and another, though even in basic steel the products turned out by Algoma are not the products turned out by Stelco, and the products turned out by both are not wholly the products turned out by Dosco. But it went far beyond that, because the settlement of the dispute depended not only on the settlement of these three disputes, but the terms of settlement were required to apply for all the subsidiaries of all three companies.

Arguments were used about the hardships of the work in front of a blast furnace, but I personally was unable to follow the logic which said that because the worker at the blast furnace is entitled to high pay, the operator of the tack machine in a subsidiary plant is entitled to the same pay. I simply mention that to show the complications facing anyone who undertook to find a solution of the steel strike in any single plant based on the demands of the bargaining agency of the workers. However, we heard evidence from the labour leaders involved not only in the steel strike but also in the rubber strike, the automobile strike, the chemical strike and the strike in the electrical industries. We all got a view of the leaders; we heard the presentation of their cases. I think we all formed an opinion as to whether labour in Canada is being wisely led in one industry as against another, and we got a fair idea of the problems of management in dealing with its workers under present-day conditions.

In the steel strike we were faced with a situation which was unique. The wartime prices and trade board had recognized that it was unable to hold the line which had been established in February of 1944 and which had been maintained up to May or June of this year. The pressures had become too great; too many forces over which the wartime prices and trade board had no control were operating to bring further pressure on the price ceiling. Canada is a heavy importer of goods, particularly from the United States. In the United States a substantial increase in prices had occurred which was reflecting itself on manufacturing costs in Canada. It has usually been the practice of the wartime prices and trade board to deal with price increases based on proven costs; in other words, the costs must be established first, presented to the wartime prices and trade board, and price adjustments, if considered necessary by the board, are made in the light of proven cost figures. However, when the steel adjustment came along—and the price of steel had not been materially changed except in a few items since 1939—it was realized that an adjustment of wages was imminent. The wartime prices and trade board could not ignore the wage increases in the United States; nor could it ignore the fact that substantial adjustments were being made in other industries in Canada and would be demanded in the case of steel. Therefore, in making an adjustment of steel prices they made an allowance for wage increases.

The committee heard Mr. Donald Gordon on price stabilization and the effect of wage increases on that problem. I think every member of the committee was profoundly impressed by Mr. Gordon's evidence. However, it did emerge that the price allowances which were made when steel prices were adjusted amounted to about ten cents an hour on labour costs, as nearly as the board could determine. I wish to say again that that determination could not be accurate because the costs vary in the case of different steel producers. However, I think members of the committee came to the opinion that a wage increase of ten cents was about all the increase in steel prices permitted. Was that a reasonable increase? The view has been taken that it amounted to nothing much at all. After all, a ten-cent increase in steel across the board is fairly substantial in percentages, particularly as it applies to the lower paid workers. I presume that over the average it amounted to somewhere between twelve and fifteen per cent across the board, and in the case of low paid workers it amounted to considerably more than that. It was considered reasonable, through the fact that a good many settlements had been made or were being made currently on that basis. Great industries such as the pulp and paper

industry of eastern Canada, the forest industries of eastern Canada and the great nickel industry had been settled on the basis of ten cents an hour across the board. Therefore management, in presenting its claim to the wartime prices and trade board and the wartime prices and trade board in assessing that claim, could reasonably forecast an increase of ten cents an hour for labour in basic steel.

A good deal of pressure was brought on Mr. Gordon by members of the committee to fix that allowance exactly. Under pressure, Mr. Gordon admitted that ten cents an hour was about the figure that the wartime prices and trade board had in mind. But he also tried to convey the opinion that price and wage stabilization is not an exact science.

Canada has been more successful than any other country in holding down its cost of living and in stabilizing its wages; but it differs from certain other countries in that it has not proceeded by exact formula. In the United States the Little Steel formula was regarded as the formula by which permissible wage increases could be determined. It was a complicated formula. One factor was the date and the amount of the last increase in pay; the cost of living was an element in the formula, and there were certain other elements. However, we all recall that while the Little Steel formula remained the standard for some months, it had to give way under pressures which even that exact formula could not stand.

From the commencement, Canada did not attempt to place wage control under price control. It set up two stabilization boards, one for prices and the other for wages. The intention was that the board in charge of the regulation of wages would make such adjustments in wages as were indicated. The board could not start from a standard base, because everyone did not enjoy the same wage or even the same relative wage in one industry as in another. But that wage board was authorized to make wage adjustments. The wartime prices and trade board had a somewhat secondary position, because it was its duty to make price adjustments which would take account of costs arising out of wage adjustments. The relationship was not as close as certain hon. members of the committee thought should have been the case, but all I can say is that throughout the war period this dual system of control seemed to work and each in its own sphere did a job in stabilizing the commodity under its charge.

Under pressure, Mr. Gordon stated that ten cents was the limit he believed the price index could absorb and still be kept under control. I suppose, if Mr. Gordon had been subjected to close cross-examination he would not have been able to prove that this figure should not have been nine cents or eight cents or possibly eleven cents. However, he was giving his expert opinion as to what he considered to be the breaking point in setting the level of a general wage increase across Canada. I know of no better expert opinion. After all, Mr. Gordon has been in charge of price control since its inception. He had a magnificent record of service before coming to that position, and I think every Canadian citizen will say he has carried on magnificently since taking over that task. It is all very well to say he did not prove his point. I do not think he attempted to prove his point. I think he attempted to give the committee his best judgment, based upon his experience and upon the facts before him, which certainly were more complete than the facts before anyone else on that committee. In any event, the committee in its wisdom decided that it could not overrule Mr. Gordon's judgment.

The committee was not directly charged with the duty of settling the steel strike. However, it felt that this strike was the basic labour problem of the moment, and undertook to do what could be done in that direction. Therefore the committee chose a conciliator of its own to supersede the former government conciliator, and asked Mr. Brockington to bring the parties to the dispute together and attempt to arrive at a solution. I think the committee felt that Mr. Brockington did all that could be done in attempting to reach a compromise settlement. His difficulty was that, before he entered upon his task, management had stated to the committee its maximum offer and labour had stated to the committee its minimum terms, and there was a wide discrepancy between the two. However, Mr. Brockington worked with management and with labour for several days and worked out a compromise settlement which I think members of the committee felt could have been accepted by either side. However, while he drew slight concessions from management and slight concessions from labour, the gap was too wide to bridge and Mr. Brockington had to report that he could usefully offer no further services in settling the dispute.

It has been said during this debate that the dispute could have been settled for five cents. That is, ten cents was ordered by the controller; it was already in effect, and it has been said here that an additional five cents paid at some time in the future would have settled the dispute. Well, I suggest that if hon. members will read Mr. Millard's offer they will find many other conditions involved besides the five cents, which would have been an obstacle to any settlement. For example, there

were three "musts". First was the removal of the Sydney five-cent differential. The question of the removal of that five-cent differential has been before the regional board and the national labour board and has been refused by both. To make that a "must" in settling any dispute with the Steel Company of Canada is, of course, to put an insuperable obstacle in the way of any settlement.

Mr. GILLIS: It should have been removed two years ago.

Mr. HOWE: Perhaps so; nevertheless it had nothing to do with Stelco.

Mr. GILLIS: I do not think it has anything to do with the present dispute; it is still before the national board.

Mr. HOWE: Exactly; nevertheless it has been made a "must". The hon. gentleman proves my point, as I am sure he intended to do. Then the general wage increase was to be made retroactive. That was agreed to without difficulty; that is obviously fair, and management accepted it as such. Then there was the adjustment of 5½ cents. That was a "must"; and the only condition that could be arbitrated was the time at which that adjustment would be applied during the current calendar year. Several items were referred to arbitration. I simply mention the extraneous matters that were brought into a dispute, which would have been difficult enough had each company been bargaining with the union separately on behalf of its own employees, and which became practically impossible of solution when no management was free to bargain with its own employees without also bringing about bargains between other managements over which it had no control and other employees over which it also had no control.

I believe the committee brought forth recommendations that will be helpful in future in dealing with labour matters. I believe we were all surprised at the unanimity which prevailed during the in camera sessions of the committee. I will say that during the course of the proceedings of the committee I do not think any member made any move designed to improve his political position. In listening to this debate, I consider it regrettable that many hon. members should talk politics rather than talk a settlement of labour disputes. I hope we can bring the debate back to the high plane of the discussions in committee, as we proceed with this matter. As I say, we attained a high degree of unanimity except with respect to recommendation No. 6. It did not seem to me there was a great area for disagreement in regard to that recommendation. Its purpose was to prevent sporadic strikes, strikes not brought about through the use of normal union machinery, but brought about by small groups acting without notice to the vast body of the workers.

Mr. MacINNIS: It does not say that.

Mr. HOWE: No, but I think my hon. friend will agree that was stated to be the purpose. As to the methods of arriving at the purpose, the hon. member for Vancouver East (Mr. MacInnis) had one method and other members of the committee had another. The other method happened to be chosen. The provision is simply this, that if a strike is threatened, or if there is a sudden outbreak of a strike, either side in the dispute may apply to the Minister of Labour for a vote, under government auspices. The Minister of Labour is not bound to take that vote, the proviso being that at his discretion he may order a vote under government auspices.

It has been said, as it was said in committee—and quite properly—that if the present Minister of Labour (Mr. Mitchell) were always to be Minister of Labour, that would not be a dangerous weapon. But let me suggest this, that the Department of Labour in this country is staffed by experienced labour men. I believe any Minister of Labour would ask the advice of his experienced advisers as to whether in a particular dispute they considered it advisable that a government-supervised vote be taken. Should the Minister of Labour decide that the majority of the employees were being dragooned into a strike through illegal action on the part of certain of their leaders, or a certain group in the industry, there is the possibility of the Department of Labour's stepping in and deciding the question as to whether or not a vote should be held, under democratic methods, and either authorizing such strike as legal, or denouncing it as an illegal strike.

I believe that is a constructive paragraph in the report, and is a paragraph which will not be abused. I must say I find myself unable to follow the argument which says that it is destructive to properly conducted and properly organized labour unions.

Meantime, while the committee was sitting, strikes in a number of basic industries were in progress. Not only have they paralyzed industries directly affected, but they are extending to industries not directly associated with any labour dispute. That situation is most acute at this moment. There is scarcely a section of the country which is not beginning to be affected by these strikes.

It seems to me that a situation can get so bad that it becomes impossible, and I believe this situation has reached that point. I believe there must be an early solution—

Mr. MacNICOL: What did the minister say on that point?

Mr. HOWE: It gets so bad that it is impossible to perpetuate itself. I believe that these strikes are nearing the point when they will either solve themselves or be capable of solution. I believe the work of the committee has contributed toward bringing about that situation, and I can assure the Minister of Labour that anything I can do as Minister of Reconstruction and Supply to assist in bringing these strikes to an early conclusion will be done.

Mr. C. C. I. MERRITT (Vancouver-Burrard): Mr. Speaker, as one of the members of the committee I want at the outset to say that I consider the committee to have been of great value to parliament and to the country. Some hon. members, particularly the hon. member for Vancouver East (Mr. MacInnis), have criticized its results, and have stated that the committee's report is an anti-climax. I say to him that in my opinion it is anything but that. There are many forward-looking recommendations made in the report of the committee. Although I join with him in regretting that the committee was not able to settle the steel strike—even though it was never charged with the duty of settling that strike—I do not think he can say that the concrete fact that no settlement was achieved amounts to an anti-climax. After all, we were not the body responsible for the settlement of the steel strike: the responsibility for that is and always was that of the government. For the committee to have attempted to suggest in detail what the terms of settlement should be, or to have dictated a settlement, to my mind would have been setting up a 35-headed Minister of Labour—and such a thing would be a monstrosity.

An hon. MEMBER: And how!

Mr. MERRITT: The other criticism is as to section 6 of the report. I was surprised to hear the hon. member for Spadina (Mr. Croll) speak about it as he did. His remarks were a sort of fairy story which, in my opinion, distorted the meaning of the recommendation.

I join with the hon. member for Calgary West (Mr. Smith) and the minister who has just taken his seat in saying that all that means is an assurance of a secret ballot in the event that the Minister of Labour is not satisfied that a secret ballot has been taken before the strike.

Mr. MacINNIS: Does it say that?

Mr. MERRITT: That is what every hon. member in the committee, including, I am sure, hon. members who have criticized the recommendation, fully understood it to mean.

Mr. MacINNIS: No, no; why does it not say that?

Mr. MERRITT: Perhaps the wording might not suit some hon. members, but the intent was never anything more or less than that.

I wish to add my tribute for the work of the chairman who presided over the committee in a most excellent manner. I am sure he added to the good will displayed on all sides. I would pay tribute, too, to the witnesses who appeared before us. We heard two senior officials of the government of Canada in the persons of Mr. Gordon and Mr. MacNamara. Then, we heard three most able industrialists involved in the strike, Mr. Hilton, Mr. Anson, and Mr. McMillan. Then, giving the point of view of labour, we heard Mr. Millard and Mr. Conroy.

I was delighted—if I might be so bold as to say this—with the quick and clear way in which they answered all questions, entirely without equivocation. I was amazed at the grasp each of them had of the problem and of his point of view. I was particularly impressed by the decision which all three parties—if I may say there were three parties—displayed in putting forth their respective cases. Whether or not I agreed with everything they said, there was no question that they showed they were able leaders of their respective sides. I was also most impressed by their firmness in sticking to their points.

But much as I admired all those men, I think that, after long private negotiations, after intervention of the government through its conciliation services, and after the sittings of the committee, firmness any longer in the face of urgent public need for the settlement of this strike, and for the resumption of the production of steel, will no longer be firmness but will be obstinacy.

I should like to give the house some of my impressions, after serving on the committee. I do not want to talk politics, and I assure the Minister of Reconstruction and Supply (Mr. Howe) that I will confine myself to the labour problems that came before us. If I am critical of the government it will not be in any political way but rather because I formed a definite opinion while I sat on that committee. I believe that this industrial crisis—not necessarily this particular strike—arose from three main causes, all of which are the responsibility of the government.

First, there was a proven lack of forward policy to handle labour-management relations and to improve them in the period after the war. Second, there was a great lack of resolution and, in one case I am going to mention, not very adept handling of crises when they came as a result of that lack of forward policy. Third, there was, of course, the inexcusable action of condoning and therefore encouraging the breaches of law that we have come to know so well this year. I should like quickly to run through those specific criticisms that I have made of the government.

As to the lack of forward policy, our report itself is a gentle chiding of the government for not having introduced of their own volition a year ago, some of the very things we are recommending to meet changing needs now that peace has returned and the patriotic impulse is no longer so strongly there to keep down friction. Without reading the recommendations, I say that those things would have helped us. I want to go farther than that. I want to say that wage control, necessary in war and necessary in the transitional period if you are to have price control, is nevertheless a negation of free collective bargaining. Labour looks upon free collective bargaining, I think, as being next in importance to its right to strike. Therefore, when you impose wage control, certainly you must be careful that in some way you make up to labour for depriving it of its full right to free collective bargaining.

Mr. MITCHELL: Does the hon. member think that if you have free collective bargaining it will mean no strike?

Mr. MERRITT: I will answer the minister in this way.

Mr. MITCHELL: Do not stick up straw men and knock them down.

Mr. MERRITT: I am not sticking up any straw men; far from it, I assure the minister. I believe that if we had free collective bargaining, then many of the wage increases which are asked for now would obviously be possible. The management concerned, not being held under a price ceiling, would be able to grant a little more of wage increases and raise prices rather than have a strike.

Mr. MITCHELL: I want my hon. friend to finish his statement; does he believe in the principle of price control?

Mr. MERRITT: I am going to be longer than I thought I would be. I will say to the minister that I am not as ardent a supporter of price control as he is. I think it is obviously wrong in principle. But I would not have taken off price control on V-J day, and under the policy which the government has followed until now I would not be able to take it off to-day if I sat in the seats of the mighty. Let us assume that price control is necessary for the purposes of this argument. Then you must have wage control. But if price control were not necessary, then we would have free collective bargaining. If the government is to maintain wage control, as they must with price control they should realize that such a course would cause irritation to labour. However, the evidence clearly showed that they allowed one of the great congresses of labour to lose all faith in the national war labour board and its members.

The government have failed to coordinate their price and wage control policies in a way that, to me, is incredible. They failed to produce a policy that was always a little ahead of the needs of the moment. Their policy was always six months behind. Thus we have had price control being gradually relaxed over a period of a year since the conclusion of hostilities, and we have had three relaxations of the wage control order. One came in January; one came in April, and the third came in June. The relaxation of price control was always a little ahead of the relaxation of wage control. They could easily have been coordinated had the government taken care that that be done.

For instance, in January they relaxed the rule which prevented any wage increases except where there was gross injustice and inequality, in favour of the rule allowing increases only to equalize rates in an area. At the same time in January the government had the recommendations of the Canadian Congress of Labour, of which Mr. Pat Conroy is secretary, that that second stage should have been relaxed and that the rule of "just and reasonable within the price structure" should have been substituted for the existing regulation. The government should not have waited until the following June to do that.

Mr. MITCHELL: If I may correct my hon. friend, the congress of labour wanted the abolition of wage control, the reinstatement of collective bargaining and the maintenance of price control. That is the record.

Mr. MERRITT: I have the record here of Mr. Conroy's evidence, and I refer to page 754 of the proceedings. He states that in January, in response to a request by the minister for his opinion, he recommended:

> 1. There should be a free range for negotiation between employers and unions of at least ten cents an hour, with a further proviso that, where reduction in hours of work is agreed upon, or has been effected, provision should be made for a larger amount than ten cents an hour.

The national and regional war labour boards should have authority to increase wages to such levels as are deemed fair and reasonable, thus eliminating the provision "for the same or comparable work in the same or similar localities." In short, in order to meet the need of constant production and of a high living standard the use of obscure language and equally obscure interpretations should be discontinued.

Those were the two recommendations made by the congress. They were not followed by the government, although the government had asked the congress for its opinion.

Mr. MITCHELL: I do not want to interrupt my hon. friend, but I have here the memorandum which was submitted to the government in April—

Mr. MERRITT: I am referring to the January incident, not to April.

There seem to have been three times at which there could have been a settlement of these problems, and the government, by failing to seize the opportunity, failed so to settle. One was in January, one in April, and one was at the time of the appointment of the controller.

Mr. MITCHELL: Let us have the April one.

Mr. MERRITT: I am referring at the moment to January. In January, at the time Mr. Conroy made these recommendations to the government, he made this extraordinary prophecy—extraordinary in its accuracy, judged by later events. He wrote a letter from which I quote two paragraphs. He said:

> The foregoing are the minimum that labour can subscribe to in the present transitional period. We believe that, in view of the existing situation in the United States and the expected impact of the results of the same in this country, wisdom should dictate a liberal and orderly process of transition rather than the amendment of the regulations within narrow limits, which would undoubtedly be unsatisfactory and open the gate to a deluge of wage controversies and possible dislocation throughout the country. It may be said that, having started in the United States, the deluge may be beyond us in any event, and therefore why bother about an orderly transition? This would seem to us to be specious reasoning, and its only effect would be a partial halt to reconversion, with continued shortages of goods and the inevitable breaking down of resistance to maintaining an economic price level.

And then these significant words:

> The question to be considered is whether we should move in advance of the heavy impact of these situations or wait until we cannot control them.

So that there it was quite apparent that so far as this congress, which is the congress particularly affected, is concerned, had that ten-cent increase or the power to grant the ten-cent increase been given in January, it would have satisfied Mr. Conroy and his congress.

Then we come to April, when we had it in evidence that ten cents offered then would probably have settled the steel strike.

Mr. MITCHELL: Why did they not go to the regional boards, like every other organization did? The building trades got ten cents in Ontario in April.

Mr. MERRITT: Then we come to the last chance of averting the strike, which was when the controller was appointed. Just before the controller was appointed, we had evidence that the Minister of Labour knew that the union was not prepared to accept ten cents, and yet the appointment of the controller was coupled with what I call the ten-cent speech or the ten-cent letter which the minister read in April.

Mr. MITCHELL: What do you mean—the ten-cent letter I read in April?

Mr. MERRITT: The letter to Mr. Conroy: "Those best able to judge." The minister will remember the letter.

Mr. MITCHELL: That was not "the letter." I wired to Mr. Conroy in Hamilton.

Mr. MERRITT: Well, it is the telegram. But it seems to me that at that time, had the controller been put in and no ten-cent limit imposed by indirection, this strike against the controller might never have taken place. It seems to me that when you couple that with the government's lack of resolution in dealing with the strike incident when it did arise, you have a very serious failure in the administration of labour policy. When the strike threatened the government passed this order in council; it contained penalties in the event of breach, and when the strike took place in defiance of the order in council it became apparent that the government of Canada was bluffing; and I say to you in all seriousness, Mr. Speaker, I do not believe the government of Canada should ever bluff.

Much has been said about lawlessness on the part of these unions, and I join with the minister in condemning it utterly. I do not believe there is any situation in Canada where any citizen is entitled to break the law; and when I say that, I mean the law as it stands, and not the law as some people want it to be. But I say that there is such a thing as leading a person up to greater and greater breaches of the law, by undue laxity and leniency in the inception of the difficulty. This trouble started in about 1943, when unions of this congress first showed that they

did not wish to follow the machinery of the regional war labour board, and they got part of their demands even though they behaved in an illegal fashion. Then we had illegality on the picket lines across this country last winter and more and more so this summer. No action was taken, and finally we come up to the time when the order in council is passed, when bodies in the country feel strong enough, or feel the government is weak enough, to disobey the order of the government appointing the controller and saying that they should stay at work. I do not think we can blame all the lawlessness on labour when we have a situation like that. They were fighting for what they thought was right; they were just edging along and seeing what they could get away with; they got away with too much, and the responsibility for that is on the government.

I believe that this steel strike is not a problem only in labour-management relations. I do not believe, although in the main it is a strike against the steel companies, it is entirely that. I think it is also a strike against the government's wage control policy. For the solution of this strike and for the solution of the labour crisis which we are going through I do not think we need at this moment any new labour law, although I hope improvements will result very shortly. But I believe a solution of our present difficulties requires only the exercise by the government of its two responsibilities; first, its responsibility to maintain price and wage control in order to prevent inflation, and, second, its responsibility to maintain law and order in the country. If it does both those things in the interests, not of labour and management or any particular party, but of the Canadian people as a whole, and applies those principles and follows them to their logical conclusion, the steel strike will be solved, as will all labour unrest in the country.

I just want to refer to that responsibility which the government has for price and wage control in Canada, and particularly to show what is happening out in my part of the country, in British Columbia. It was there that the first fifteen-cent settlement was reached, and that may have precipitated the difficulties which we now face. But the government has never said that there is a ten-cent ceiling in this country. They have rather put up Mr. Gordon, who says that, or something approximating to it; but every time we pressed the ministers to say whether ten cents was government policy they said "No, we will not say what government policy is; the regional war labour boards are entirely autonomous, and we are not going to interfere with what they do." What happened out in British Columbia? First of all, there was a fifteen-cent settlement in lumber, and after that, some forty or more settlements between management and labour, joint settlements and joint applications to the board for approval of wage increases of fifteen to seventeen cents. Although the minister never, as a matter of government policy, supported Donald Gordon in his ten-cent statement, the board out in British Columbia did not feel itself quite as autonomous as the minister seems to think it was. After Mr. Gordon's statement, the board out there imposed an interim ten-cent ceiling pending instructions from Ottawa, and Mr. Pearson, the minister of labour of British Columbia, and the chairman of the board, is reported as follows:

> He disclosed that he had asked Ottawa for specific directions on why the increase above ten cents would be disastrous to the national economy and he said that pending clarification from Ottawa the ten-cent limit "is the only reasonable thing we can do. After all, we are only a junior board and we must take our direction from the federal authorities on a matter of this kind."

While the minister is saying that the board is autonomous, the board is saying that it is not autonomous and wants instructions. After that, the minister, according to press reports, gave an answer to the board in which he said that:

> . . . the department had given no instructions to the B.C. war labour board to limit increases to ten cents an hour. He suggested that the B.C. Board might have decided to withhold final decision on cases until it saw what action would be taken by the commons industrial relations committee which is investigating the whole situation.

Following that denial, as I call it, of Donald Gordon, the British Columbia regional war labour board announced that it was going to deal with each case on its merits and without relationship to Donald Gordon's statement. Unfortunately, I have not yet got the paper of last Friday which contains that statement and I do not know exactly what Mr. Pearson said, but that is the sense of it. So that we now have this situation. In British Columbia fifteen cents has been granted. Forty applications for fifteen cents still exist; forty applications for fifteen cents will probably be passed by the British Columbia board, and a pattern of fifteen cents will be set in British Columbia. But the minister says that his personal view is that Donald Gordon is right and that ten cents will break the price ceiling and that we cannot have more than ten cents in eastern Canada.

Surely the government has to do one of two things. It has to come out and support Mr. Gordon's statement, or else it must repudiate

Mr. Gordon's statement. The government cannot support it in eastern Canada and repudiate it in the west, because British Columbians probably just as much as anyone else, care whether price control is maintained. In my view, therefore, it is absolutely essential, not only for the settlement of the steel strike, but also for the solution of the wider difficulty, that the government give an authoritative statement on what our economy will stand, and so persuade all parties to get in behind them and support them in the position they take in the interests of the whole country.

The last thing I wish to say is that we must have a government which will administer the law fearlessly and without hesitation or equivocation. I do not believe there is any class of persons or any person in this country who can defy our law, and if the law is not suited to what we want, then this is the place in which to change it. But at any moment we have certain laws standing on the statute books. It is the responsibility of the government to enforce that law as it stands I am quite sure that when all the people of Canada know that the government will enforce the law as it is laid down by parliament, we shall quickly get rid of this lawlessness, this by-passing of boards, or violence on the picket line which has contributed so much to bad labour relations in the country.

Mr. W. G. CASE (Grey North): I should like to make a few observations, not in a critical sense but rather by way of appreciation of the opportunity that was mine to sit with the labour relations committee and study and seek to give some sense of direction to the government in one of the most critical moments in Canada's history. I shall always remember my experience in that committee. It was an opportunity to gain first-hand knowledge of the tremendous problems faced not only by the government but by the people of Canada. Of course the house is aware that the majority of the members of the committee were Liberals and supporters of the administration, but I hasten to say that I was never at any time conscious of that fact. There existed the best of good feeling and a sincere desire on the part of all to obtain all the evidence we could and to arrive at reasonable conclusions.

I was greatly impressed with the most magnificent presentation this afternoon by the hon. member for Calgary West (Mr. Smith), and I say with him in effect that it is all very well for those who are outside, not charged with responsibility, to be critical of the report which the committee saw fit to return to the House of Commons. But we had to strike some balance, and we were not going to bring about that sense of confidence, or the possibility of solving our great problems, by indicating to one and all that we were biased in our views. I am sure that, as the various witnesses appeared before the committee, we became more and more convinced of the sincerity of those who came before us, and indeed they had a grasp of their problem and were able to convey a great deal of their knowledge to the committee.

I wish to refer for a moment to a brief sent to me by the Owen Sound board of trade. Unfortunately, it did not arrive in time to be presented to the committee, and I do not propose to read it in its entirety at the moment, but rather to say that the Owen Sound board of trade is comprised of 300 representative business and professional men of the community who sought to make a study in an approach to this great problem. Their representations to me are based in the main on this view, not to forget the great consuming public. I believe it was Mr. Conroy who said, in answer to a question, that his organization would probably represent between 300,000 and 350,000 people in Canada. That leaves a vast army amounting to millions who are not organized and who are now victims of the situation which confronts the country at the moment.

Therefore, in referring to the brief presented by the Owen Sound board of trade, I simply suggest to the government that we must not in any sense lose sight of the vast impact upon a multitude of people who can easily become the innocent victims of a policy which might lead us nowhere. I think it was with that thought in mind that I had some appreciation of the representations made by Mr. Donald Gordon. The committee were sincere in their report. We believed that price control could not be maintained without a measure of wage stabilization. Even though, in all sincerity, we might be inclined to question the judgment of one whose experience and background are sufficient to recommend him to any committee of parliament, nevertheless I do not think there was one member on the committee prepared to assume the awful responsibility of saying that he was wrong. I do say this and my observation was made to the committee, and I repeat it in effect now—that we have arrived at a time where price control cannot be held in rigidity; that there should be a degree of elasticity. In order to gain the co-operation of the Canadian people—and in my opinion if we are to maintain price ceilings or price control it will require the complete co-operation and self-discipline of the Canadian people—it must be brought home to them that in order to maintain price control the wartime

prices and trade board may have to retreat to a new line. In other words, these increases in prices, which would accompany an increase in wages, would be made more gradual to lighten the shock upon the economy; because it does seem to me that sooner or later we are going to reach a certain peak before we have accomplished that economy of plenty which we all believe will solve the problem of price control.

So far as the unions are concerned, I share the view that much of the agitation and much of the unrest apparent come from a source which is foreign to our Canadian democracy. I used words in committee to this effect, that the unions should seek to smoke out the communists, and I received the prompt reply that if they were to smoke out the communists there were a lot of others who should be smoked out as well. I can appreciate that it is not an easy problem; in fact it is a difficult one; but I have such a high regard for labour unions, and I feel that they are so necessary in an organized economy or in an organized society, that I hope they will continue to resist with all their efforts the inroads of communism and communistic doctrine. That is one thing which makes it more difficult to enforce the law and order to which the hon. member who has just taken his seat referred.

I am one of those who believe that every citizen in Canada who enjoys the protection which our laws provide should be prepared to accept his responsibility as a citizen and conform with those laws. The time has come when the government will have to give some evidence of their determination to see that law and order are respected in the country. That brings me to section 7 of the report which has not been touched upon particularly, and which reads as follows:

> Your committee recommends that the controllers appointed by order in council P.C. 2901 be instructed to implement the terms of such order with such modifications as the government may determine.

I believe there is a possibility of some misunderstanding of this section. That is apparent particularly in some editorial comments in regard to these words "with such modifications as the government may determine". I think the spirit and the understanding of the committee was that if it were necessary to strengthen the controllers' hands it should be done. There was no intention of giving direction to the government to restrict the controllers. I take clause 7 to mean that, if necessary, the government would be prepared to strengthen the controller's hands to see that his administration was admitted and that every effort would be made to return men to work and production started and maintained.

[Mr. Case.]

I can well remember that evening almost a month ago when we started out with such high hopes for the accomplishments of the committee. The Minister of Labour (Mr. Mitchell) outlined the nature of our inquiry. He expressed the hope that farmers, consumers and others would be heard, along with those who have been heard by the committee. I believe that it was only the time factor which caused us not to interview farmers and those who might be considered organized consumers. It was for that reason that I recommended or sought to have included in the report a resolution to state that this committee should be reconvened at the earliest possible moment at the next session of parliament. I understand that I would be in order in making a motion of that kind at that time.

If I have any criticism at all to offer with regard to the government's attitude it is to the effect that this committee was not called into being at an earlier date. However, as someone has said, it is always easy to look backwards and criticize the government; but the government did know that the country was seething with industrial unrest. I join with the Minister of Reconstruction (Mr. Howe) in what he has said. I am sure that every member of the committee agrees with him in saying that the deliberations of the committee justified its existence. Because of that fact, the government may not have realized early enough the contributon which the committee could have made. Had the committee been called together at an earlier date, it might have accomplished a great deal. Much remains to be done. Our Canadian economy will not permit of strikes. We are producers. At this very moment there is a possibility of Canada gaining access to markets which might be denied us in a very short time. That will react very badly on the nation's welfare. If we can play some part now and later in seeing that the proper formula is worked out, either in committee or by the government, which will provide for some stability of employment and remove this irritation and bring about some semblance of confidence in each other, then we can really get somewhere. I think it was Mr. Brockington who left the thought with the committee that long periods of strife and strikes lead to greater difficulties in settling disputes. That was in evidence in the committee. As the hon. member for Calgary West said this afternoon, it is certainly no tribute to the employers of labour when a leading industrialist in Canada has to admit that the first time he met the national directors and the bargaining agency of his factory was here in Ottawa, after the strike

had been in progress for many weeks. I am saying that, not entirely in a spirit of criticism, but in the hope that better understanding and greater confidence in each other will bring about better relations between management and workers. As we grow to nationhood, as our great industrial machine expands and industries become so huge that thousands are employed, the old personal touch is gone. Yet by the same token I think we must all recognize that it would be impossible to bargain with each one individually, as might have been the case when the industries were of smaller proportions. So it would seem that for many years to come there will have to be some bargaining agency, and I believe the sooner industry recognizes that fact, the better it will be.

I want now to say a word in reply to the hon. member for Lethbridge (Mr. Blackmore), and I also made this observation in the committee. He was asked this question, and I did not get his answer: Would he be prepared to subsidize all industry in Canada? That is a fair question which requires some consideration. I have only to remind hon. members that, after all, subsidies come out of taxes, and that taxes come out of the pockets of the people and enter into the cost of production of our manufacturers. Our costs of production can have a great effect on our ability to secure our share of the export markets of the world. The time is not far distance when competition in world trade will be a vital factor, and we should always keep that thought in mind if we are to guarantee employment to Canadian workers. Reference has been made to our tremendous contribution to the war effort, which we may all applaud and greatly admire. But one factor is often overlooked. It will also be found in the record that we borrowed about $13,500 million of the $25,000 or $27,000 million we spent on account of the war, and we still have that money to repay. If we continue to indulge in subsidies, at a time when collectively we probably have more money than we ever had before, then the outlook for the future is bad. I think the time for the government to do its pump-priming, if it has to use subsidies, is when private enterprise fails to take up the slack, not when we are moving into a cycle of expansion and greater prosperity. As a matter of fact I think economists will agree that to-day we have more money collectively than we ever had before. In 1939 I believe we had something like $281 per capita. We now have something over $1,000 per capita; and we have over $6,250 million in liquid resources. If I were to remind hon. members that we financed our 1929 disaster on about $2,300 million of liquid resources they will understand the tremendous task which faces those charged with the responsibility of maintaining the price ceiling, while this huge volume of money is seeking an outlet on a market which is still short of supplies and will remain short for some time to come. The danger will become greater unless we step up production to meet demand, and we shall not step up that production as long as there are strikes and industries are closing down. It can lead to grave disaster; the moment is critical indeed.

That is one thought which encourages me to say I believe there must be greater elasticity in the price ceiling, so that the controller may retreat to a new line and bring home a clear picture to the Canadian public in order that they may realize that if costs of production are to increase, so will the cost of living increase. But I cannot believe that the danger in regard to the price ceiling will be any greater than it will become very shortly if we continue to have lack of production, with our workers idle and our industries closed down. We hear about new money, or social credit, or whatever it may be called. I know our difficulty at the present time is to encourage people to work for the money we are now offering. If we are to hand out money without any work at all I do not know whether I shall be able to get anyone to cook my meals for me. I would be afraid we were living too close to what is very easy to achieve, a currency that is not worth a great deal. In other words, the value of money depends entirely upon its acceptability and upon general confidence in the government of a country.

I want to dwell just for a moment on a statement made by the hon. member for Vancouver East (Mr. MacInnis) and the hon. member for Spadina (Mr. Croll) with respect to recommendation No. 6. The only observation I have to make is that I do not see how we are depriving anyone of anything if we supply them with ballots upon which they can exercise their own good judgment, untrammelled and unafraid, because I feel sure that a vote taken under government supervision would show exactly what the workers most desired.

This afternoon there seemed to be doubt in the minds of some as to what the deputy minister, through the minister, said with respect to the war labour board, and I want to read from page 406 of the proceedings of the committee. I shall read the complete paragraph. This is Mr. MacNamara's sworn testimony:

> On June 27, during the morning, the minister, deputy minister and director of industrial relations met with Mr. Murray Cotterill. The minister reviewed the general situation in Canada and expressed the opinion that the general

pattern of wage increase should not exceed 10 cents per hour. In the afternoon the deputy minister made a proposal to Mr. Cotterill that the department, under a plan in mind, could arrange for the appropriate regional war labour boards to issue a directive for a rate increase equal to 10 cents per hour, the increase to be worked out in a manner found desirable and reasonable by the union. One method suggested was that an increase of 8 cents per hour be granted all around, and in addition that overtime rates of time and one-half be paid after 44 hours per week on the understanding that the plants would operate 48 hours per week for the present. The deputy minister gave a firm commitment that he would request the wage boards to issue the directive and also that, if an appeal was taken to the national board, he was quite convinced the latter would not upset the decision.

We had considerable questioning in the committee on that very point, because it left the impression that the boards were not entirely independent bodies. As the hon. member for Vancouver-Burrard (Mr. Merritt) has said, they were not autonomous bodies; they were bound to a government policy, which the ministers who were examined refused to admit was government policy; and I believe that has led to much of the difficulty that exists at the present time.

I want to say, Mr. Speaker, that my experiences while serving on the committee will be lasting. We were given the greatest latitude, and I think the very fact that when Mr. Brockington was recommended as mediator the government immediately acted upon that suggestion. He was appointed and, before we concluded our deliberations, was able to bring us a comprehensive report which indicated his faithfulness. His fine work in endeavouring to bring the parties together, though without success, did impress upon us the feeling that in this instance a parliamentary committee did mean something—we were not hampered in any way in our undertakings; the members of the committee expressed themselves freely, and there were many surprises. If we could just carry forward a few steps the spirit shown there, I believe that, through the education the public received as a result of the sittings of the committee being held in public and the amount of publicity those proceedings were given, we may be able to get somewhere in dealing with our problems; and to that end I promise the ministry my wholehearted support.

Mr. PAUL EMILE COTE (Verdun) (Translation): Mr. Speaker, may I, at the outset, tender to the chairman of the industrial relations committee (Mr. Lalonde) using his mother tongue which is also mine, my heartiest congratulations for the efficiency and the ability he has displayed in directing the discussions of that committee. We have especially noted the dignity with which he has discharged that important duty, his courtesy toward the numerous witnesses who have appeared before the committee, and toward the members of that body. He has always shown absolute impartiality and the aptness of the rulings he had to give on matters of procedure, in the course of our discussions, has always evidenced an enlightened legal mind.

I was especially honoured in being invited to second the motion he has moved, Mr. Speaker, for concurrence in this report. It is quite a substantial report which will certainly command the attention of all friends of labour and will have much influence on the progressive development of relations between employers and workers.

(Text): Mr. Speaker, as the seconder of the motion now before the house, I believe it is fitting that I make a few comments in the debate, even though previous speakers have, in my view, already covered the subject matter of this discussion pretty well. I had the good fortune of being in the chamber to listen to the Minister of Reconstruction and Supply (Mr. Howe) and to the hon. member for Calgary West (Mr. Smith). I feel that they have given an accurate and complete summary of the proceedings which took place, and that they have interpreted to the house the meaning of the recommendations now placed before hon. members.

I wish at this point to join with previous speakers in congratulating the chairman of the committee. He has been regular in the discharge of his high function, and has done it in a most impartial and able way.

I wish also to take this opportunity to thank those responsible for my appointment to this important committee. In the past I had scarcely had an opportunity to go so deeply into labour relations. This opportunity comes at what I consider a serious hour in our programme of reconversion from war to peace-time production.

When the committee began its sittings a controller had already been appointed for some days, and had taken over the management of the plants involved in the dispute. The country was anxious about the dispute in this, its most important basic industry, and about a strike which was to affect so deeply general production in other fields of our activities.

Under its terms of reference the committee had to investigate generally the causes of industrial unrest in the country, so that it might report its findings and conclusions to the house. It held forty-eight sittings, during which time it did a magnificent job. If I

were to compare the work of the industrial relations committee with that of any other committee in this or any other previous session, I would say that in the same period of time there has been no committee in the past which achieved such important results as did the committee on industrial relations.

As I said at the outset, my interest in the work of the committee comes from the fact that in the past I had not had an opportunity to go very deeply into the causes of any industrial unrest. My attendance in the committee gave me a better knowledge of what trade unionism means, its purpose and its necessity. I am convinced more than ever that trade unionism, in a democracy such as the one in which we live, is a true expression of the natural development of labour. It is an expansion of the individual rights which may be developed in smaller circles such as the family, or in other larger social or religious groups, and which find their natural development in trade unionism or professional associations.

The process of forming unions is certainly to be encouraged. It has to be developed, so long as that development follows the lines of true democracy In a democracy the basis of all our activities and the reason for our legislation is that of safeguarding and developing the rights of the individual. Our legislation must also protect the individual in all his fields of activity, and must therefore, in matters relating to labour, give a hand in the development of trade unionism. Otherwise, as obtains in a dictatorship, trade unions do not represent the natural expansion of individual rights, but become the instrument of the state to impose its doctrine and its policies of action upon the worker, whereas the opposite should be done in a democracy.

Therefore I believe strongly in trade unions. When I look at the achievements they have attained in the past, the increased standard of living they have provided the worker, the increase in his security, I consider that so long as democracy is present, and so long as such principles are developed in trade unions, we shall march forward toward real progress.

In some circles there is a wrong impression prevailing with regard to trade unions. In my opinion the cause for this is the fact that too much emphasis, too much publicity has been given to the difficult phases of the relations between labour and management. Not enough effort has been made to keep the country informed as to what trade unions have really done. When we have a strike we must not forget that there are hundreds of incidents between companies and unions which have been satisfactorily settled in a friendly way. In the private life of an individual it is said that happiness does not make history, and I think the same is true of trade unions. We hear too much about their failures to achieve their end and we do not hear enough about what they have really done. During the war which has just concluded, the membership of trade unions in Canada increased from around 200,000 until it is now on its way to attain the million mark. We all know, from our experience in our own parts of the country, of the improvements which have been brought about in the lot of the worker by the activities of trade unions.

The committee made seven specific recommendations to this house, six of which I think have already received the approval of members of the committee and, I am sure, of the members of this chamber. I should like to offer a few comments on two of the recommendations which I consider to be of the utmost importance. The first recommendation in the report to which I should like to refer is recommendation No. 6 which provides for a strike vote to be taken at the request of one of the parties concerned and at the discretion of the minister. I have examined this recommendation and have come to the conclusion that it affords a safeguard to both parties to an industrial dispute. I cannot understand the views of those who oppose this recommendation. I see in it two guarantees. First, one of the parties must take the responsibility before the other party and the country generally of having a strike vote taken. In the second place, the minister must exercise his discretion; he must decide whether the request for a strike vote should be granted.

In my judgment, this recommendation should commend itself to the workers, first, because it provides labour with an opportunity to be sure that its will will be taken into account when industrial relations have reached a certain stage. It has been said, particularly of new organizations—and I think this would apply to most trade union locals in Canada—that the direction is too often in the hands of inexperienced men or of a radical element. That is only natural in the development of trade unionism. This recommendation should do much to give a certain amount of assurance to the worker that when the critical hour comes in his relations with management he will have a say in the final decision to be taken.

The unions should not have any objection to this clause. I feel it will strengthen their position. If they give good leadership to

their membership they should not be afraid of an expression of opinion on their part. It is simply an expression of labour's will and there is no reason why unions should object to that.

On motion of Mr. Côté (Verdun) the debate was adjourned.

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

Wednesday, August 21, 1946

The house met at eleven o'clock.

SUPPLEMENTARY ESTIMATES, 1946-47

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1947, was presented by Hon. Douglas Abbott (Acting Minister of Finance) and read by Mr. Speaker to the house.

Mr. ABBOTT moved that the estimates be referred to the committee of supply.

Mr. GRAYDON: I have forgotten at the moment whether it is usual to bring down so much so late. This looks almost like our estimates for the next session. I have no objection to having them considered, but I do not wish to allow this stage to go by without at least pointing out to the house exactly what it faces in such a volume as this, called "supplementary estimates." I suggest they should be called regular estimates number two.

Mr. ABBOTT: Perhaps I might reply to my hon. friend by saying that the major portion of the estimates relate to demobilization and reconversion. As he will see on examining them, a very large portion is taken up by Department of Veterans Affairs, as to which it was impossible to forecast, at the time the regular estimates were prepared, what would be required.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. MACKENZIE: Mr. Speaker, I wonder if I might have the consent of the house to have questions and orders of the day disposed of first and then revert to the debate which was in progress yesterday.

(Unanimous consent having been given.)

[Mr. P. E. Coté.]

QUESTIONS

(Questions answered orally are indicated by an asterisk)

BREWERIES AND DISTILLERIES—CONSTRUCTION PERMITS

Mr. NICHOLSON:

What is the total value of construction permits which have been issued to breweries and distilleries in Canada since V-E day?

Mr. McILRAITH: Stand.

Mr. NICHOLSON: May I ask if this question can be answered before the end of the session?

Mr. MACKENZIE: You mean by Christmas?

Mr. McILRAITH: It will depend on when the session ends; we must have time to get the information and give the answer.

QUERO DEEP-SEA FISHING BANKS

Mr. WINTERS:

1. How many craft does the Department of Fisheries have in service for patrolling deep-sea fishing banks, such as Quero, and what are their names?
2. How many craft are being prepared for the above type of service; when will they be ready for service and what are their names?
3. Will additional craft be procured for this service?
4. Are the *Arleaux* and *Arras* which did patrol work prior to world war II to be returned to service for the Department of Fisheries?

Mr. BRIDGES:

1. None at present.
2. One vessel, the C.G.S. *Cygnus*, a former bangor type minesweeper, is being prepared for commissioning as a fisheries protection vessel. The ship is undergoing final trials this week prior to being placed in commission.
3. Not at present contemplated.
4. No.

TYPOGRAPHICAL UNION—CONTRACT WITH OTTAWA "JOURNAL"

Mr. KNOWLES:

1. Has a new contract between the Ottawa *Journal* and the International Typographical Union been entered into this year? If so, when was the contract signed, and what period does it cover?
2. Does this contract provide for wage adjustments? Holidays with pay; pay for any statutory holidays?
3. Does this contract contain any clause with reference to any exemption of laws of the union from arbitration? If so, what is the wording of such clause?

Mr. MITCHELL:

1. Yes, between the Journal Publishing Company of Ottawa, Limited and the international typographical union, local 102, on July 12, 1946, covering the period January 1, 1946 for a term of two years and three months ending March 31, 1948.

2. Yes. Contract provides for wage adjustments, holidays with pay, and pay for statutory holidays, subject to the approval of the war labour board.

3. Yes. Clause 6, disputes and arbitration, reads as follows:

A standing committee of two representatives of the publisher and two representatives of the union shall be appointed. To this committee shall be referred all disputes which may arise as to the construction to be placed upon any clause or clauses of this agreement, or alleged violation thereof which cannot be settled otherwise. Such committee shall meet within five days when any question of difference shall have been referred to it for decision by either party to this agreement. Should the standing committee be unable to agree unanimously within ten days, then it shall refer the disputed clause or clauses to a board of arbitration. The representatives of each party to this agreement shall select two arbiters, the four to agree upon a fifth who shall be a disinterested party, a resident of Ottawa. If the two representatives of each of the two parties to this agreement fail to agree upon the fifth member to complete the board of arbitration, the Ontario Minister of Labour shall be asked to name a fifth member who shall act as chairman. The majority decision of this board shall be final and binding upon both parties and the cost of such arbitration to be borne equally by the union and the publisher. Provided that the local and international laws of the union, which are a part of this agreement, shall not be subject to arbitration, except insofar as such arbitration and the results thereof are compulsory under Canadian laws, or except where said laws specifically permit their submission to arbitration.

Either party to this agreement may notify the other party thirty (30) days prior to the termination date that it desires to negotiate a revision of the terms of this agreement. If such notice is given, it shall signify that the terms of such revision shall become effective immediately upon the termination date herein set forth and, if not agreed upon by that time, shall be retroactive to the said termination date. Failure of either party to notify the other party, as above stated, shall signify that the terms of the present agreement are to remain in full force and effect until thirty (30) days after the date of termination. If negotiations fail to result in a mutual satisfactory settlement, the matter shall be referred to arbitration as specified in the foregoing paragraph. (It is agreed that section 5, article 2, I.T.U. general laws shall not apply to a joint standing committee dispute except as the union laws may be involved, but said section shall apply to arbitration of a succeeding agreement.)

JAPANESE NATIONALS—FISHING LICENCES IN B.C. WATERS

Mr. REID:

1. Have any requests or applications been made by Japanese nationals or other persons on their behalf, for fishing licences to operate in British Columbia waters?

2. If so, how many such requests or applications have been made?

3. Is consideration being given by the government to granting of these?

Mr. BRIDGES:

1. Yes.

2. Two to Department of Fisheries at Ottawa.

3. No.

MOTION FOR PAPERS

PREFERENTIAL TRADE WITHIN THE EMPIRE

Mr. CHURCH:

For a copy of all correspondence, agreements, letters, cables and other documents exchanged between the government of Great Britain or any officers thereof, the governments of the other dominions, Australia, New Zealand, and South Africa or any officials thereof, the government of the United States of America and the government of Canada, regarding preferential trade within the empire and on the British preference to Canada, and any changes proposed herein during the war and after.

Mr. ST. LAURENT: It is apparent that the documents called for by this motion could not be produced without the consent of the other governments mentioned, and it would not be possible—at least I hope that the session will not last long enough for it to be possible—to have the proper communications exchanged before prorogation. I would suggest to the hon. member that he drop his motion and I will undertake to have the requests made so that if he chooses to renew the motion at the opening of the next session we shall be in a position to say whether or not the other governments agree to have the correspondence tabled.

Motion dropped.

IMMIGRATION

MEMBERS OF POLISH ARMY—SELECTION PERSONNEL PROCEEDING OVERSEAS

On the orders of the day:

Hon. HUMPHREY MITCHELL (Minister of Labour): The hon. member for Kootenay West (Mr. Herridge) was good

enough to give me notice of the following question with reference to the bringing of Polish soldiers into the country:

Will the minister give the names of the Canadian officials and other persons who are proceeding overseas to screen former members of the Polish army seeking admission to Canada under the terms of the regulations recently announced?

The names of the officials who have proceeded overseas to select the soldiers to be admitted are as follows: H. R. Hare, who is on loan from the Department of Agriculture to national employment service as employment adviser on farm labour; J. A. Meindl and F. A. Dubenski, both from the staff of the national employment service at Winnipeg; Dr. Fred S. Parney, of the Department of National Health and Welfare at Ottawa; Staff-Sergeant Kenneth Shakespeare and Sergeant J. A. Stevenson, of Montreal, both of the Royal Canadian Mounted Police. In Europe this group will be joined by Doctor George Audet, representative of the Canadian Department of National Health and Welfare in London. The three officials of the Department of Labour will check on the suitability of the soldiers for farm work. The two officials of the Department of National Health and Welfare will conduct the medical examinations. The two officers of the Royal Canadian Mounted Police will assist in making the necessary inquiries.

It is expected that these soldiers will arrive in Canada in October.

BUSINESS OF THE HOUSE

INQUIRY AS TO CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE ON REVISION OF STANDING ORDERS

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I have been looking at some of the reports of special committees set up by the house to deal with special problems during the session. One which I desire to bring to the attention of the leader of the house rather than yourself, Your Honour, although you are the chairman of it, is the special committee dealing with the revision of standing orders of the House of Commons. While it is late in the session, yet I think attention should be directed to the fact that the first report of the committee was made on April 10 of this year. So far as I know, no proceedings have been taken to ask for concurrence in the report, which dealt with two major matters; first, a revision of the rules with respect to protracted debates, which I fancy would at once engage the enthusiastic attention of the country and of parliament, and second, the proposed reference of estimates to standing, select or special committees. I should like to ask the leader of the government, first, if there is any intention to have concurrence moved in the first report; second, what has happened to the committee since its first report,—because I have not heard of it since; and third, if somehow or other before the next session of parliament agreement may be made in the house to the end that what has happened in so many previous sessions will not be repeated. I refer particularly to the fact that although we have a large volume of work, there is a lack of organization in the House of Commons. I do not say that in any critical way, but rather with the idea of trying to see if we cannot organize our business in such a manner as to have it in keeping with conditions in the twentieth century rather than conditions of the nineteenth century.

Right Hon. L. S. ST. LAURENT (Minister of Justice): The hon. member knows how jealous each hon. member is, and properly so, of the traditional privileges he enjoys as a member of parliament. Among those who sit on this side of the house, and I am sure it must be the same with respect to hon. gentlemen sitting on the other side, many discussions have taken place as to what would be a proper method of arranging to expedite, in perhaps what would appear to make a more businesslike way, the affairs of the house without unduly impinging on the traditional rights of individual members. It is a serious problem, because hon. members are not only concerned with their present rights and privileges but feel a responsibility towards future parliaments. In conversation I found a great reluctance to take the responsibility of cutting down any of the traditional privileges of individual members. That is a responsibility which each one of us feels. It is for that reason that there has been no proposal of concurrence in the first report of the committee. It has appeared to me that it would be extremely difficult to get agreement about which everyone would feel comfortable on any general modification of the rules of the house.

I have discussed with others the possibility of having partial measures provided for by a resolution which would be effective only for the duration of a session. I think certain procedures could be arranged by way of resolution adopted at the beginning of a session which would be binding only for the duration

of the session and would not make members feel that they were definitely abandoning any of their traditional rights and privileges. The experience which would be gained under that kind of resolution might point the way to something more permanent which could be done later.

One suggestion which has been made is that at the opening of parliament, instead of having a resolution to give precedence to the debate on the address over all other matters until the address is ultimately adopted, it might be decided that following the speeches of the leaders on the address the debate would have precedence only from eight o'clock in the evening, so that from three o'clock until six ordinary business could be proceeded with, the committees could be set up, bills could be introduced and considered and much of the ordinary work done during the afternoon sitting without depriving any hon. member of the opportunity of speaking on the address, but merely asking him to do so between eight o'clock and eleven o'clock until the address should be disposed of. That is one suggestion that has been made, which could be brought about by a resolution effective for only one session. The experiment might indicate whether or not something of the kind would enable a great deal of the work to get under way before the expiry of the three and sometimes four weeks it takes to dispose of the debate on the address. I would hope that at the opening of the next session an attempt might be made by way of resolutions, of which this could be just an illustration or example, to make provision for that session, without any hon. member feeling that he was giving up, not only for himself only but for future parliamentarians, any of the traditional rights we have enjoyed up to the present time.

Mr. GRAYDON: May I say to the acting leader of the government that the suggestion he makes is one that has not been made, as far as I know, in the report of the committee on the revision of standing orders, and it really gives more point to what I was trying to say. The matters mentioned by the Minister of Justice, and other suggestions designed to expedite the work of the house, could have been dealt with in some detail by that committee, but it seemed that after it brought in its first report everything stopped. Why everything stopped I do not know, but certainly I believe we should get a great deal further by having the members of the house discuss the very point raised by the minister rather than by simply having isolated suggestions from various members or cabinet ministers in connection with the work of the house. I should like to ask the minister why the committee has not been sitting, and what the difficulty has been in this connection.

Mr. ST. LAURENT: So far as I have been able to ascertain, the real difficulty has been the fact that the reference dealt with a permanent modification of the rules of the house, and that appeared to be something very difficult because of its far-reaching consequences. For that reason the method of doing something which would be effective for only one session, as an experiment, has been mentioned.

LABOUR CONDITIONS

STELCO PLANT—REPORTED INSTRUCTIONS BY CONTROLLER CONCERNING ENTRY OF VEHICLES

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): Has the Minister of Labour been informed of a statement purported to have been made by the vice president of the Steel Company of Canada yesterday, that on instructions from the government controller, transport vehicles were to go in and out of the plant without regard to injuries that might be caused in the process? Does the minister know whether such instructions were given by the controller, and has the controller the consent of the government in giving such instructions?

Hon. HUMPHREY MITCHELL (Minister of Labour): Well, Mr. Speaker, I have no knowledge whatsoever of any direction that might have been given by the controller. But I want to say that an Englishman's home is his castle, and I think a person has a perfect right to go in and out of his place of business, or into and out of his own home, without being molested by anybody.

Some hon. MEMBERS: Hear, hear.

Mr. MITCHELL: Let me say that without equivocation or mental reservation.

MOTOR VEHICLES

INQUIRY AS TO INCREASE IN PRICE OF FORD TRACTOR REPAIR PARTS

On the orders of the day:

Mr. SOLON E. LOW (Peace River): I should like to ask the acting Minister of Finance whether the Ford Motor Company was authorized to increase the price of Ford tractor repair parts by twenty per cent on or about August 3. I sent the minister notice of the question yesterday.

Hon. DOUGLAS ABBOTT (Acting Minister of Finance): I have not received notice of the question. I shall take this as notice and give my hon. friend an answer to-morrow.

EXTERNAL AFFAIRS

REPORTED VACANCIES IN CANADIAN DIPLOMATIC SERVICE

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I should like to direct a question to the Acting Secretary of State for External Affairs based upon a Canadian Press dispatch which appeared in several newspapers this morning predicting what might almost be described as a wholesale shuffle in the External Affairs department, concerning some five or six of the most prominent men in that department. I should like to ask the Minister of Justice, who is handling this department, if he has any comment to make in this connection, because the dispatch deals with some of the vacant diplomatic posts both in Canada and abroad. May I point out to the minister that five of the major posts in our diplomatic service have been vacant for periods up to six months, and I believe we should have some comment from the government as to what is to be done to fill them.

Right Hon. L. S. ST. LAURENT (Acting Secretary of State for External Affairs): I thank the hon. member for raising this question; I had intended to refer to the dispatch in any event. My attention had been called to this Canadian Press dispatch in the morning papers of to-day concerning possible changes in the headship of Canadian missions abroad. This story is a mixture of speculation and inaccuracies. No decisions have been taken by the government on the filling of posts abroad which are now vacant. The final paragraph of the story reads as follows:

> Vacancies include the high commissioner offices in Canberra, Wellington, St. John's, Dublin and New Delhi and missions in several European countries.

I may comment that there are no vacancies in the high commissioner posts in Wellington and St. John's, which are filled by Mr. A. V. Rive and Mr. J. S. Macdonald respectively. There is no high commissioner's office in New Delhi. There are no vacancies in any of the Canadian diplomatic missions on the continent of Europe. I might also take this occasion to deny a report which appeared a few days ago to the effect that the Canadian ambassador to Belgium was about to be appointed to the post of ambassador in Paris. There is no foundation for that report.

With respect to the suggestions that there have been some delays in making appointments, I may say to the hon. member and to the house that this is a matter of definite policy. It is the purpose of the Department of External Affairs to have as many as possible of these posts filled by career men. Of course our expansion has been such that it has not been possible in every instance to promote career men to these posts; but a career man who has a secondary post in a mission is given valuable experience by being called upon to act as chargé d'affaires for a period, and he is deliberately allowed to continue to carry on as such in order to give him an opportunity of demonstrating his fitness for promotion to higher office. As the hon. member knows, our requirements in connection with representation abroad have grown very rapidly, and it has not been always possible to provide enough career men, but the policy being pursued by the department is to train career men as rapidly as that can be done. I am happy to be able to say that a large number of brilliant young men from the armed forces have, since the beginning of demobilization, been absorbed into the Department of External Affairs, and are proving to be very good material for the responsibilities which have to be discharged in representing Canada abroad.

Mr. GRAYDON: It would seem that the present period of training has been delaying the filling of these posts. Can the minister say when the training period will come to an end?

Mr. MACKENZIE: Before the Tory party is elected.

Mr. GRAYDON: It will have to come fast, then.

Mr. ST. LAURENT: It will never come to an end, as a policy—or at least I hope it will not. I hope the Department of External Affairs will continue its policy of making the diplomatic service an attractive career, where young men will feel that there is room for promotion. I hope that policy will be continued as long—and that looks as if it might be quite long—as this government is in power; and that it will be found such a good policy that it will be followed afterwards by whatever government might succeed this one.

MILK

QUESTION OF CONTINUANCE OF SUBSIDY OF 55 CENTS PER 100 POUNDS

On the orders of the day:

Mr. RONALD MOORE (Churchill): Mr. Speaker, I should like to ask a question of the Acting Minister of Finance, notice of which has been given. In view of the recent increase in the cost of living will the minister give consideration to continuing the subsidy of 55 cents per hundred pounds on the production of milk? I understand the subsidy is to be withdrawn shortly.

Hon. DOUGLAS ABBOTT (Acting Minister of Finance): I received notice of the question just before coming to the house. I shall have to accept the question as a notice, and give an answer to-morrow.

Mr. MACKENZIE: By consent of the house I would ask that we revert to the order for motions.

WAR ASSETS

MOTORCYCLES DECLARED SURPLUS BY DEPARTMENT OP NATIONAL DEFENCE

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): Mr. Speaker, the war expenditures committee final report was tabled on Saturday. About a month ago, if you will remember—and I believe you do—I tried to put on the order paper eight questions with regard to War Assets Corporation. Those questions were turned over to the war expenditures committee for answers. I have not yet received those answers. I should like to know when I may expect them, or if I may expect them before parliament prorogues.

Hon. PAUL MARTIN (Secretary of State): I shall look into the matter right away.

Mr. G. J. McILRAITH (Parliamentary Assistant to the Minister of Reconstruction): Mr. Speaker, with respect to any of the questions asked in the war expenditures committee concerning War Assets Corporation and still outstanding, if those answers have not been prepared and sent forward they are being prepared. Some of them may take a considerable time, while others are more easily answered.

Mr. GRAYDON: May I ask the parliamentary assistant a question respecting the procedure? The hon. member had his questions before the house, and the rules were interpreted in such a way that he was not permitted to have them answered here. Then they were sent to the war expenditures committee to be answered. The war expenditures committee having risen, in what position are other members of the house who have an interest in the answers to those questions? I realize that as between the parliamentary assistant and the hon. member that may be satisfactory; but so far as other hon. members in the house are concerned, I should like to know where we stand.

Mr. McILRAITH: I might explain to the house that several of the answers have been given already, and that they will be found in the last number of the proceedings of the committee on war expenditures and economies, which has not yet been printed. I cannot say whether the questions asked by the hon. member for Peterborough West are in that category.

As to the other point raised, I should think it is really a matter of law and parliamentary procedure. I should not want to give an opinion, but it would strike me that once the report of a committee has been tabled in the House of Commons there would be no further objection to the raising of questions when the orders of the day are called, in the ordinary way.

Mr. MACKENZIE: That is right. I would ask that the house now revert to motions.

SOLDIER SETTLERS

REGULATIONS EXTENDING PERIOD TO APPLY FOR DEBT REDUCTIONS

The order having been called for resuming the adjourned debate on the motion of Mr. Lalonde:

Mr. W. A. TUCKER (Parliamentary Assistant to the Minister of Veterans Affairs): Mr. Speaker, I table regulations extending to December 31, 1946, the period in which certain settlers under the Soldier Settlement Act may apply for debt reductions. This comes under order in council P.C. 166/3368 of August 8, 1946.

Mr. WRIGHT: A point has been raised by the parliamentary assistant to the Minister of Veterans Affairs. Are the soldier settlers being notified of the extension of this date?

Mr. SPEAKER: I am sorry to interrupt the hon. member, but the item to resume the adjourned debate has been called and read. Then the parliamentary assistant presented his report. I do not think we can go back.

Mr. COLDWELL: May I suggest that the order was called prior to the question raised

by the hon. member for Peel (Mr. Graydon). I heard the Minister of Veterans Affairs (Mr. Mackenzie) call the order for motions at that time. If latitude was given in one instance, I suggest it should be given in the other.

Mr. TUCKER: The answer is yes—those affected will be.

INDUSTRIAL RELATIONS

CONSIDERATION OF SECOND REPORT OF STANDING COMMITTEE—MOTION FOR CONCURRENCE

The house resumed from Tuesday, August 20, consideration of the motion of Mr. Lalonde for concurrence in the second report of the standing committee on industrial relations.

Mr. PAUL EMILE COTE (Verdun): Mr. Speaker, both parties to a dispute may make use of the privilege contained in this report, and request the Minister of Labour to proceed to the taking of a vote, either before or after the strike is in progress. I made some brief comments before the adjournment last night with regard to the interest which the worker and his union will find in the implementation of this recommendation. Inasmuch as he is affected by this section of the report, the employer will feel more protected against what he may term, at times, the autocracy of union officers.

Mr. SPEAKER: Order. There is so much noise in the chamber that it is extremely difficult to hear the hon. member.

Mr. COTE (Verdun): A measure such as this will give him the privilege of asking the Minister of Labour to proceed to the taking of a vote. No doubt the expression of opinion thus obtained from the men at a time when the dispute is in progress will go a long way toward bringing the parties together.

I am inclined to the belief that such a procedure would have avoided several strikes in the past, and in all probability had it been adopted in due time we would not have known any dislocation in the steel industry. This recommendation in the report will prove beneficial as to the consumer's rights in matters of industrial relations. The consumer is vitally interested in the production of this country. No one more than a minister of the crown responsible to parliament has the authority to represent him and safeguard his interests.

If a dislocation of production is threatened the Minister of Labour is empowered to proceed to a vote among the men affected, to determine what their views are on any particular phase of the conflict.

[Mr. Coldwell.]

Another important feature is this recommendation:

(a) That the proposed dominion-provincial labour conference be called at the earliest possible moment to draft a labour code within the limits of the Canadian constitution and with a view to establishing machinery for the prevention of dislocations in industry.

Mr. GILLIS: The hon. member who is speaking is making so much noise that we cannot hear those who are holding meetings down here. You might call order, Mr. Speaker.

Mr. SPEAKER: I have done so twice since the opening of this sitting. I would ask hon. members who have problems to discuss more important than that which is being discussed in the house to use the lobby.

Mr. COTE (Verdun): I submit, Mr. Speaker, that this is a very reasonable approach to the problem of peacetime industrial relations, if one recalls the experience which we have had during the war years, and on the other hand the exigencies of the days that lie ahead.

Among others we had, during the war, order in council P.C. 1003, better known as the national labour code, which came into effect March 20, 1944. It had arisen from a consultation with the provinces, and with the national presidents of the Canadian Congress of Labour, the Trades and Labour Congress of Canada, the national syndicates and the railway brotherhoods. Its purpose and effect was to clarify the rights of the workers and of the employers, to make collective bargaining obligatory, to impose penalties against interference with employees' union activities, and to eliminate the necessity of striking for union recognition. It may be that this code did not bring all the good results which were expected at first, but it remains that it has contributed to a great extent to improvement of the relations between management and labour, to better substantially the lot of the workers, and to increase our war production to the high level which it has known.

The committee must be supported in its recommendation that a dominion-provincial labour conference be called at the earliest possible moment. It is suggested, and properly so, that the federal government take the initiative of calling this conference together. Who else could do so with as much authority? I do not see any serious reason why any province should not accept such an invitation spontaneously, and should not come here with an open mind to discuss the problem of industrial relations in each province and put together the experiences which they have had in their respective sections of the country within the past few years.

Why put the emphasis on the diversity of the conditions which prevails across the country? I agree that they must be taken into serious account in the study of any problem of national significance. Why not rather put together all that the provinces have in common, either as to doctrine or as to experience, and set up a common basis for the enactment of labour legislation which will take care of the minimum requirements for the promotion of industrial peace in this country?

Similar conferences should thereafter be held regularly with a view to keeping these preliminary agreements on the level of actual exigencies.

When I recall the founding of the international labour organization after the first great war and the priceless services it has rendered since in the promotion of social justice in all the countries of the world, I do not see why a closer association of our provincial governments could not achieve the same end within this country. The international labour organization held until 1939 twenty-five sessions and adopted sixty-seven conventions and sixty-six recommendations. The conventions have secured nearly nine hundred formal ratifications by governments, and dealt with hours of work; holidays with pay; regulation of conditions of work of women; protection of child workers; prevention of and compensation for industrial accidents; insurance against unemployment, sickness, old age and death; apprenticeship and training for employment; colonial labour problems; living and working conditions of seamen at sea and ashore. What the international labour office has done and still can do by mutual agreement between the nations of the world for the promotion of social justice and the establishment of a better understanding, it seems obvious to me, Mr. Speaker, that our country can do, within its boundaries, by closer consultation with the provinces.

The report before the house contains recommendations which, if they are translated into legislation, will constitute an important milestone in the improvement of our labour legislation. Our country has already done much in this field, under the leadership of the Prime Minister (Mr. Mackenzie King), who has devoted his whole career to that great cause. We can do more, and I hope that we shall succeed, with the cooperation of all parties concerned.

Mr. L. E. BAKER (Shelburne-Yarmouth-Clare): Mr. Speaker. it was my privilege to be a member of the industrial relations committee, and I cherish that privilege, because I have come out much wiser and greatly benefited as a result of what I learned there. I did not go there as a labour expert; I regarded myself as one of the representatives of the general public. I may say that it was very encouraging and it increased my faith in human nature when we came to our conclusions and found men of all parties in this house getting together and working out the final basis for our report without any partisan bias whatever. I say that without equivocation.

Various comments have been made on our findings and conclusions; some of them are flattering, some not. As a matter of fact the greatest value, I believe, which came out of this committee was the general publicity which was given throughout the length and breadth of the land to labour-management affairs.

I have no particular brief for either labour or management. I think that there are good union leaders; as a matter of fact, the majority are; but on the other hand, in all fairness—and we must be fair in these matters—we must admit that there are also good employers. Throughout the industrial history of Canada and the United States, employers have done much, in many cases, to help the conditions of the employees. So that we must not put all the blame on one side. In some of the present disputes, I believe, blame is unquestionably to be put on both sides. This was proven by evidence which we heard in the committee.

We are going through what I would call the struggle for Canada's destiny. It started in 1939, and it is not over yet. I divide it into phases. There was the war; there is the transitional period; and there is the time to come. I will liken it to an attack. We have reached our first objective; we have won the war. There is no question that it is harder to win a permanent and lasting peace than it is to win a war. The fact is that such a thing as a permanent and lasting peace has never yet been won. Our second objective is winning the peace, which will mean prosperity, freedom and happiness throughout Canada. At the moment we have reached an intermediate objective, the transitional period through which we are now passing; and in order to win a final peace—I mean an industrial peace as well as a cessation of gunfire—we must be strong to go ahead.

At the present time we are beset with enemies, the enemy of inflation, the enemy of distrust, the enemy of impatience. What have we done? We cannot allow inflation to develop, and so for this intermediate objective we have formed what we call the Gordon line. The Gordon line may bend here and there; a salient may be driven into it here and there, but we cannot allow that Gordon line to break. If we do, the enemy inflation will break through the gap and

swallow up the farmer, the fisherman, the pensioner and all people living on small earned incomes. We cannot allow that to happen, and so we in this House of Commons have to be the cohorts of Mr. Gordon to help him hold the line. As I say, the line may have to bend a little here and there. All right; how are we going to advance from there?

In modern warfare you put down a heavy artillery fire preparatory to your ground forces moving ahead to the next objective. What is our plan to be? Press relations, informing the public as to what is going on, are very important. Our artillery in holding the Gordon line consists of the press. The large city newspapers lay down the heavy artillery, and the small town dailies and the country newspapers, weeklies and magazines are the medium and field artillery. What do you do in an attack? You direct all your artillery to the main target area. That is just what we must do. We must direct our artillery fire in a definite direction; the fire must be properly directed and be accurate. Therefore I say to the press: direct your fire properly to the right target and be sure you direct it accurately.

So far as the committee is concerned the press, generally speaking, particularly those members of it who sat in from day to day at our meetings, was accurate and fair, but there have been many editorials that have been unfair and I have seen unfair criticisms. We must remember that the rounds that fall short are the dangerous ones. One or two rounds did fall short and pretty nearly hit the Minister of Labour (Mr. Mitchell) but did him no harm because he looks hale and hearty still. But it was most unfair of the press to let those rounds fall short, and I hope that they will be more accurate in their fire in future. The Minister of Labour has done and is doing a good job, and we want him to stay on and to receive all the encouragement he can get. I feel reasonably optimistic about the future, because Canada is a great country. Canadians are wonderful people individually, and all we have to do is to learn to be that way collectively. The press, properly directed, can help to bring that about. I have great faith in the future of Canada because of the press, but only by the press directing their fire accurately can we come to a happy understanding and have peace and prosperity throughout the length and breadth of Canada.

I am not going to compliment the members of the committee individually. I think they all worked hard and that they were very sincere in what they did. I could pick out certain stars of the team, but I shall not do that because the sounds they want to hear are not sweet words about themselves but the music of the humming wheels of industry turning again and friendly and civil talk between the leaders in management and labour. I maintain that the press can also help there.

I shall not take up any more time, because a good deal of the ground has already been covered and one or two able speakers are to follow me. But I did want to make that point about the press. The members of the press who were in the committee room with us working long and tedious hours were gallant gunners, and so in conclusion, with respect to labour-management relations and in their relations to the dominion government I would say: Praise the press and pass the information.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I am not going to start in by paying any compliments to the chairman or the members of the committee. My impression of the committee was that it did the best it could with the latitude it was allowed and the equipment it had to work with. I am going to try to focus the attention of the house this morning on the fact that all the hard work of that committee means nothing if the present attitude on the part of employers and the controller is to continue.

On July 16 industrial relations in this country had come to such a pass that the Prime Minister (Mr. Mackenzie King) on the eve of leaving for the peace conference in Paris accepted a suggestion from the opposition that the subject of labour relations and industrial unrest should be placed in the hands of the industrial relations committee to see if that committee could not arrive at some formula whereby industrial disputes in this country might be resolved. When the Prime Minister accepted that invitation from this side of the house my reaction was that the machinery provided in this country by the Department of Labour was in a bad way and was being superseded because it was inadequate to handle the disputes that existed at that time. In passing that task over to the committee the Prime Minister in my opinion passed it over to all parties in this house to accept the joint responsibility of trying to resolve those difficulties and recommend some measure or formula that might prevent such disputes from taking place in the future. The committee did not do that and my opinion is that its work is not completed. It

merely skimmed the surface. It made some recommendations to this house which would be helpful if they are implemented.

It was on July 16 that this task was entrusted to the committee with the sanction of the Prime Minister. One month later, after this committee had taken all the evidence and probed behind the scenes for the reasons for the present industrial disputes, industrial unrest and the strike situation in Canada is worse to-day than it was then. To say that the committee performed any miracles when it did not change the situation in industry is not correct. In addition to the strikes that existed at the time, and they still exist, a new strike threat looms on the horizon, a strike by the packing house workers, who if their difficulties are not resolved by a certain date are going to strike on a national scale. So the committee did not accomplish very much. I am not going to read the record but the fact is that every strike that existed on July 16 when the committee was set up is still in existence, including the steelworkers' strike.

The first night that the committee met for organization purposes a motion was made that we would set as our first objective the settling of the steel dispute. That objective was not accomplished. The first day on which the committee actually sat in formal session I moved that the controller appointed by the government under order in council P.C. 2901 be instructed to exercise his duties under that order in council by beginning negotiations with the union, apart from the employers, and endeavouring to resolve their difficulties here in Ottawa while the committee was taking evidence.

That motion was not accepted, but lay on the table three days, and the committee finally decided that the employers should get together despite the fact that they had no longer any authority in the management of the steel industry, since the government had superseded their executive authority by the appointment of a controller; and despite that legal technicality the employers and employees had been together month after month and had not successfully resolved the difficulty. They precipitated the strike, and in my opinion it was bad technique and unsound judgment to expect them, because they were in the atmosphere of Ottawa, to get together and resolve the difficulty. In my opinion valuable time was wasted and the legality or validity of that order in council, or any order in council in the future, can be challenged if the attitude taken by the government with regard to its enforcement in that particular instance was valid.

I say we wasted a lot of time and the committee did not attain the first objective they set themselves in the settlement of the steel dispute. That is very important, because the steel industry in Canada has now a basic strike on hand. Steel ramifies all through our economy, and if a determined and reasonable attempt had been made to resolve the steel difficulty, in my opinion the formula arrived at there would automatically be applied to the other difficulties that exist in industry, and we would have been straightening out the whole picture at one time. But we are back in the house with no recommendation on the basic issue in dispute.

The steelworkers before the committee made a sound and reasonable case. They showed that they were not adamant in their attitude. They modified their position on two occasions. I felt that when the controller finally came into the picture the committee should have recommended to him the last proposal made by the steelworkers' union to the committee and to the employers and to Mr. Brockington, who was acting then as mediator in the dispute. That should have gone forward to the controller as a reasonable basis for negotiations, but that was not done, so that the controller was in the same position that Mr. Brockington was in. He goes back in there with the ten cent formula over his head and with very little latitude and very little possibility of settling the difficulty unless someone is prepared to do some plain talking on the part of the government.

Mr. BLACKMORE: He is bound hand and foot.

Mr. GILLIS: The general impression is that the industrial workers are demanding wage increases. That is not the case. The industrial workers to-day, because of the failure to hold the price line, are asking for increases in their basic rates in order that they may maintain the income they had during the war. That is all they are doing. I am going to put the last proposal of the steelworkers' union on the record. It is very simple. The first is the removal of the five-cent Sydney differential. That is a case that has been before the national war labour board and the regional boards for the last three years. It is still before the national board. It was turned down three times. In my opinion it should not be included in this dispute. I suggest that the Minister of Labour, who has some authority over the national war labour board, in order to get that particular problem out of the way, and separated from the basic problem in the Sydney plant, might suggest that they make a decision in that case and remove one of the sore spots as far as the Sydney plant is concerned.

The second of their proposals was a general wage increase of ten cents an hour retroactive to April 1, 1946, in the primary steel plants and the fabricating plants of all three operating companies. That is a very reasonable proposal. The national director of the steelworkers' union, in presenting his case to the committee, recognized the fact that while the plants and production are tied up, the danger of inflation is increased fifty per cent. He was not asking for his total demands at that time. He was prepared to take it in stages and to accept and recommend at once the ten cents to his membership, so that the plants might get back into production and lessen the dangers of inflation.

The next proposal with regard to wages was adjustments totalling 5½ cents an hour to compensate for increases in the cost of living from April 1 to July 1, such adjustments to be payable this calendar year. I consider that one of the most important recommendations made by the steelworkers' union. I am of that opinion for this reason, that it is a weapon in the hands of the wartime prices and trade board if they want to maintain prices.

An hon. MEMBER: They do not.

Mr. GILLIS: They do not is right, because when the employers, the manufacturers or those who have something to put on the market for sale begin to put pressure on the wartime prices and trade board for increases in basic commodities the board are in a position to say, "Yes, we will give you an increase but you will pay it yourself. You will increase the cost of living and you are going to adjust the wages of your workers in proportion to the increased cost of living." It is the only weapon that has been suggested to date which would assist in maintaining prices in this country, but the committee did not see it that way.

Number four on the agenda was that all the other issues in dispute to be completed by October, 1946, should go to arbitration. The date to which the removal of the Sydney differential should be made retroactive was backed up on, and they proposed that it be put where it was suggested it should be in the first place; and second, the dates upon which the adjustments totalling 5½ cents should be made payable were to remain in abeyance and be made the subject of arbitration. With respect to the further increases on the basis of the cost of living, one cent per point, they were also prepared to send that to arbitration. Hours of work, overtime pay for statutory holidays, vacations with pay, a union security formula applicable to all plants—these were all to go to arbitration, and in effect the immediate proposal made, the one that would start the plants in operation if accepted, was the removal of the Sydney differential, and the general increase of ten cents an hour retroactive to April 1, 1946 in the primary steel plants and the fabricating plants of the three operating companies.

That would settle the steel strike, and the other matters would go to arbitration. I believe Mr. Millard, the national director of the steelworkers' union, was much fairer than many others I know of in a similar position in trying to get that industry into operation. Nevertheless, so far as the committee was concerned I do not think he succeeded. If hon. members will read the evidence presented and the document to which I have referred I do not think that they will say that the case presented by the steelworkers' union with respect to the adjustment of wages is unreasonable. It is not an increase in wages; it is an endeavour to maintain the take-home pay of those in these industries who have lost that percentage of their take-home pay because of the increase in prices.

When I hear hon. members say that the price ceilings must be maintained, I agree. I said that from the start; we have all said it. But the fact of the matter is that they have not been maintained. The Minister of Labour (Mr. Mitchell) recognizes why the cost of living bonus was established in the first place. It was established to hold the price line; it was one of the most important parts of the whole mechanism. The cost of living bonus was worked into the basic rates. It was taken off, and in my opinion that was the initial mistake. Immediately that took place there was pressure largely from the manufacturers in Canada for increases in the prices of basic commodities, and that started the drive on the price ceiling. The wartime prices and trade board, reacting to that pressure, in my opinion, removed the ceilings literally from hundreds of commodities. Before the last election the start was made when the twenty-five per cent luxury tax was taken off vacuum cleaners, washing machines and all of these things which are essentials to the average householder.

Mr. MITCHELL: Is the hon. member sure about that twenty-five per cent tax being on household articles?

Mr. GILLIS: Yes, I am positive.

Mr. MITCHELL: I thought it was on jewellery.

Mr. GILLIS: No, it was not; it came off vacuum cleaners, washing machines and anything that was designated as luxury goods.

Mr. MITCHELL: I would not call a vacuum cleaner a luxury.

Mr. GILLIS: It was a twenty-five per cent tax. When the luxury tax was removed, instead of passing it on to the consumer it was made mandatory that the manufacturer retain the price to the consumer. In effect it was a gift—

Mr. MITCHELL: I can hardly believe that.

Mr. GILLIS: Check it up and find out, because I did. It was a gift to the manufacturers of Canada; it was one of the initial wedges in breaking the ceiling, and it was not passed on to the consumer.

Mr. MITCHELL: The luxury tax is still on jewellery.

Mr. GILLIS: Yes.

Mr. MITCHELL: I do not see why it should not; I see no objection to it.

Mr. GILLIS: A vacuum cleaner is used in every household.

Mr. MITCHELL: I would rather see it on jewellery than on food.

Mr. COLDWELL: It was removed, but the manufacturers kept the tax.

Mr. MITCHELL: My hon. friend is just kidding himself.

Mr. ARCHIBALD: What about the tax on building materials—

Mr. GILLIS: You fellows can make your speeches after I am through. The cost of living in the country was added to and the trend to inflation speeded up by the removal of the subsidies on the essentials of life. For example, subsidies were taken off such items as fruit, milk, butter, and so forth—all things which take up a large percentage of the average workingman's income. Then came the pay-off when the basic steel operators came to the wartime prices and trade board and asked for an increase. I said in committee, and I repeat, that the man largely responsible for the present difficulties in steel is the chairman of the wartime prices and trade board. The increase of $5 a ton in basic steel, which meant $9 a ton in fabricated steel, was the increase which upset his ceiling and created difficulties throughout the economic life of the country. Further then that it was borne out by evidence before the committee that according to the balance sheets presented, the $5 a ton increase was not necessary. According to the total operations every one of the operating companies could have absorbed the wage increases asked for. Dosco in its over-all picture could have done it; Stelco could have done it, and the same is true of Algoma, without any increase of $5 a ton. Therefore I say the wartime prices and trade board fell down on the job.

Mr. MITCHELL: That did not come out in the evidence.

Mr. GILLIS: Yes, it was clear from the evidence.

Mr. MITCHELL: I am not holding any brief for the steel companies, but I would say that—

Mr. GILLIS: I know, but any member of the committee who listened to the evidence will substantiate what I am saying now, that that increase of $5 a ton was not necessary. It was an increase which set off the demands for increased wages. I believe in telling the truth and facing the facts, because we are not going to get out of our difficulties by putting our heads in the sand like ostriches and excusing a man because he has an exalted position. If the line had been held, if price ceilings had not been removed along the line, you would not have the demands for wages that you have to-day. If to-morrow you paid an additional 15½ cents an hour to every industry which is looking for it the men would be in exactly the same position so far as take-home pay is concerned as they were in during the war years. This being so, those who did not hold the line but began to grant increases in farm machinery and basic steel are the people who are responsible for the industrial difficulties which confront us to-day. If we are to cure that situation we have to tackle the problem at its source. The figures presented to the committee by Stelco showed substantial profits and reserves and an excellent balance sheet. When Mr. Robinette was asked if he thought that these companies were in difficulties he said, no; he thought they were in a very good financial position. The Stelco figures are being challenged to-day by an accountant who works in their own cost department.

The wartime prices and trade board did not examine the balance sheets of these companies to determine whether or not an increase of $5 a ton was necessary. While the government policy may be, and the policy of the wartime prices and trade board is, that wages must be controlled to a certain extent, and I agree with that, and that prices must be controlled, the chairman of the wartime prices and trade board told the committee that so far as profits are concerned the companies were permitted to determine on that basis what they considered a reasonable and fair profit. Profits will

also have to be controlled. If Donald Gordon is to be permitted to tell the workers of Canada what is a fair wage, then he should be instructed to tell the companies what should be a fair profit.

Mr. MITCHELL: Be fair with Donald Gordon. He disclaimed any responsibility for the establishment of wage rates. He said it was the function of the war labour board to do that.

Mr. GILLIS: He may say that; theoretically it is true, but practically it is not, because if Donald Gordon suggests a ceiling on wages beyond which you cannot go without endangering the economy of the country, then Donald Gordon is supreme in the matter of fixing wages, because everyone else has to work under that ceiling. While theoretically he says that another board sets the wages, nevertheless he is placing a ceiling under which this board must work; therefore Gordon is supreme. He may say that he does not sit in and make decisions, but he tells you the point beyond which you are not allowed to go. I want to emphasize that. Wages to-day are not chasing prices and endangering the economy of the country by inflation. The reverse is true. Prices have gone up and wages are trying to chase them in order to maintain the standards established during the war. The responsibility is not on the industrial workers; it is on those who did not maintain the price ceiling. I emphasize that, because according to the evidence given before the committee it is absolutely correct.

On this matter of inflation I would like to say this, while we are at it. Sometimes it amazes me how glibly some people can talk about it when it affects someone else. I wonder how many hon. members ever stop to think of this. The wage increases in steel would create perhaps about $15,000,000 of additional purchasing power in this country, or something like that. Did we cry inflation when the government proposed, and rightly so, to spend $250,000,000 a year for family allowances? They placed $250,000,000 a year of extra purchasing power in the hands of a class of our society who do not produce anything, a class who are going to school. The proposition was absolutely right, but Donald Gordon did not cry inflation at that time; it was quite all right. On the other hand when we lent hundreds of millions of dollars to Britain and other countries, of which a large proportion was to be spent in Canada—and rightly so; I supported those loans—there was no cry of inflation, though these millions of dollars of extra purchasing power were to be spent in this country to take goods out of this country. Now the government propose to increase the salaries of judges to $15,000 or $20,000 a year, which is extra purchasing power to a class of our society who do not produce consumer goods, but that is quite all right; there is no cry of inflation.

Mr. MITCHELL: I am not defending the judges, and I do not want to interrupt my hon. friend, but the increases were not that great.

Mr. NICHOLSON: That is the ceiling; the top salary is now $20,000.

Mr. GILLIS: It ranges down from that, of course. I used the top figure, but what is a few million among friends. The point I am making is that there was no cry of inflation there; that was fine. But when the fellows who sweat in the basic industries of this country and who produce all the wealth of the country come in and ask for something which will give them an addition $15,000,000 in purchasing power, that is inflation and it cannot be done.

Mr. GRANT: Absurd.

Mr. GILLIS: It is absolutely correct, and if my hon. friend does not understand it, that is not my responsibility. I want something done about this; I want to try and put the matter in proper focus, because this business of inflation has been used as a slogan to scare people, many of whom do not understand it. Quite a few times I have heard the Minister of Labour refer to inflation in Germany after the last war. I was there, too; but remember this. I did not know at that time, but inflation was "fit to eat". Most of the people of this country are in the same position to-day.

Mr. MITCHELL: I can tell you what they got with their inflation—Hitler.

Mr. GILLIS: That is not the point I am making. The point is that these things can be used as slogans to scare people, to keep them submissive and subservient on low standards, until these theories and ideas are exploded and some common sense applied.

Now, with regard to getting something done about this, very late in the day, as I thought, we decided to pass the matter back to where it should have been dealt with in the first place, to the controller. When I started to talk I said I thought the work of our committee had been completely nullified in the last couple of days. Two other hon. members have read into the record the statement of the controller. He is going to start in to take a secret questionnaire from each individual

in the steel plants. That is the end of Kilbourn as far as I am concerned. His work is finished, and you had better get a new controller. Then the hon. member for Vancouver East (Mr. MacInnis) asked a question this morning based upon a telegram; this also has to do with the controller. The telegram reads:

Following wire sent Mitchell and Kilbourn this afternoon by Larry Sefton. "At meeting before Hamilton police commissioners this afternoon Elwin, vice-president Steel Company of Canada stated that government controller had instructed management to run transport trucks, trains and other vehicles into plant in spite of any danger that might be created to life and limb of Hamilton citizens. Are these your instructions to the Steel Company of Canada?"

That wire was supposed to have been sent to the minister.

Mr. HOMUTH: By whom is it signed?

Mr. GILLIS: It is signed by Eamon Park, international representative of the United Steel Workers of America, and it emanates from Hamilton.

Mr. NICHOLSON: Did the minister send those instructions?

Mr. MITCHELL: I did not send them.

Mr. GILLIS: I hope the minister will take part in this debate later on. He says he did not send them. Then the vice-president of the steel company in Hamilton—

Mr. MITCHELL: As my hon. friend knows, there are thousands of businesses in this country. There are a few strikes, and we have put in some commissioners. I am accused of instructing war labour boards; I am accused of instructing this person and that person. I think when you appoint a man to do a job, you appoint a grown man who should have enough sense to run his own end of it. If the person you appoint is not satisfactory to some people I am told he should be kicked out. That goes for commissioners, for controllers, for war labour boards and I suppose for the Minister of Labour as well. However, I did not intend to say all that. I only wanted to tell the hon. member he was right about the washing machines and vacuum cleaners.

Mr. GILLIS: Thank you very much. I said the work of the committee was nullified. If the statement made in this telegram is true; if the controller took that line of action in Hamilton, that controller should be replaced, because this committee definitely condemned, in no uncertain terms, the use of physical force by either employer or employee in any dispute. If this man issued these orders, that trucks were to be driven through those picket lines, endangering the lives of those men at this particular stage in this dispute, he should be replaced. If he is not replaced you will find no solution to the difficulty in Hamilton or in basic steel. If he made the statement that he was going to take an inventory of everyone in these plants, then the man is not competent to act in the dispute he has authority to handle, and should be replaced. I do not know whether or not these things are true. The vice-president of the Hamilton works may not be telling the truth; it may be just a technique to try and smash the picket line, but the minister should check, and if the controller has taken that line of action he should be removed.

Let us look at the other side of the picture, with regard to violations of law and order. When a strike takes place the press, the heavy artillery which was mentioned a moment ago by the hon. member for Shelburne-Yarmouth-Clare (Mr. Baker)—he depends upon the press to pull us out of our difficulties—are always on the other side. With all due respect to those who work for the press, I have found that in their opinion the worker is always wrong, that he is always in an illegal position. If you want the workers of this country to obey the law, then employers also must be made to obey the law and set the example. See what you have there in Hamilton in the way of law violations by the employers. In the first place they were permitted—and Donald Gordon should be checked on this—to inveigle men and women into that plant by paying them three times the wages they received previously, under normal operations. In that plant they are paid for twenty-four hours a day. That is an incentive to bring them in. It is a violation of the labour laws of this country, if that company did not get permission from the war labour board. When the minister replies I should like him to say whether the Steel Company of Canada did get permission to increase by three times the wages of those who are now in the plant in Hamilton, whether that was done with the permission of the war labour board.

Mr. MITCHELL: I can give an answer to that now. It is simply this: the steel company is capable of taking care of itself. We have all got to live together.

Mr. GILLIS: I hope, Mr. Speaker, that you will watch my time, and check on these interruptions.

Mr. MITCHELL: I agree with my hon. friend, that he should have a couple of minutes more.

Mr. GILLIS: Thank you very much.

Mr. MITCHELL: Those people cannot get in and out; I think that is fundamental. I say a person has a perfect right to go in and out of a plant if he so desires. You and I, as old trade unionists, know that; but there are some who do not carry trade union cards. Any man has the right to go in and out of his own house, or in and out of his place of business without being molested. That is elementary and fundamental.

Mr. GILLIS: But the question I asked the minister to check and to let us know about when he speaks is whether the steel company in Hamilton are paying three times the wages to the employees now in the plant as compared with what they were paying under normal operations. I would ask if these wages are being paid with the sanction of the national war labour board, because if they are not, the company should be prosecuted for a serious violation of the laws of this country.

The second point is this: There is an airstrip in that plant where aircraft are landing in violation of an important law in this country. It is not recognized as a legal air field. This was drawn to the attention of the Minister of Reconstruction (Mr. Howe) but evidently that violation is still going on, and it is a serious one.

Mr. MacINNIS: The steel company is able to look after itself.

Mr. GILLIS: This should be checked. In the third place—and this is a provincial matter—men and women are sleeping in that plant, and that is contrary to provincial statute. They are breaking every law in the country.

Mr. MacINNIS: That is not contrary to provincial statute, is it?

Mr. LALONDE: Will that go into the record?

Mr. GILLIS: It is a contravention of a provincial statute respecting hours of work, labour, and absenteeism. Then, the accusation was made by Mr. Conroy, of the Canadian Congress of Labour, that a priority was issued to build a hotel, and that rations are going in there indiscriminately, contrary to regulations. Mr. Gordon should be asked whether rationing is being enforced in connection with supplying the people in that plant. Do you see?—when you align yourself on the side of those who are engaged in a war, you are on that side. And if Donald Gordon and the war labour board permit flagrant violations of statutes and orders in council of this country, they are providing ammunition.

Mr. MITCHELL: If you will go down the middle of the road with me and tell both sides to comply with the law—

Mr. GILLIS: I have no hesitation in doing that, but I would want to see both sides treated the same. But when a man is picketing a plant, and they place their finger on him for illegal action because he is standing out there and fighting for bread and butter for himself and his family and to maintain a home—because he is doing that he is an outlaw; but more serious violations are taking place on the other side and nobody sees them.

The committee has made recommendations which, if followed, would be helpful. I shall comment briefly on one of those recommendations which was controversial. I realize that if the union security clause, and that kind of stuff, is put through, it will be helpful. But there was one clause which created discussion. I wish to say first that in my opinion the committee was poorly equipped to do the job it had to do. I think the chairman should have had a secretariat. He should have had available to him two or three people with ability in drafting, who could record discussions as they occurred, as the ideas were thrown out. It would be a small but efficient committee who could throw those ideas around and put them into proper language to be presented later on in the report.

Mr. MacINNIS: They had two lawyers.

Mr. GILLIS: But they do not draft.

An hon. MEMBER: They are all draft.

Mr. LALONDE: May I interject that so far as the report is concerned, the suggestions brought up in committee were worked out in the steering committee. If the work has not been done properly, then the whole committee should bear the responsibility.

Mr. GILLIS: Definitely, yes. I said we did the best job we could with the latitude and equipment we had to work with. The steering committee was the drafting committee. But the steering committee which drafted this report did not have time to consider these things properly.

Mr. LALONDE: If it is just a question of time, then I agree with my hon. friend.

Mr. GILLIS: That is exactly what I am getting at. If you had had a couple of people who were familiar with the drafting of reports and throwing ideas around, who could have taken these things as they arrived and done some work on them on the side so as to have presented them later to the steering committee, I believe it would have facilitated things and

brought about more harmony in respect of some of these clauses than has been indicated in the debate.

Clause 6 makes the proposal that the Minister of Labour should intervene in a strike where any strike vote has not been taken. That came originally from the steering committee in this form:

> Your committee recommends that it shall be illegal to take strike action before the taking of a vote, supervised by the government, in which all the employees of the particular industry shall have the right to participate.

That was not suitable to the main committee.

Mr. MacNICOL: Why not?

Mr. GILLIS: It just was not suitable There is no use in wasting time asking why it was not. It was deleted.

Mr. SPEAKER: I am sorry to interrupt the hon. member, but he has spoken forty minutes.

Some. hon. MEMBERS: Go ahead.

Mr. GILLIS: Thank you, Mr. Speaker, and through you, hon. members. This very important recommendation was being debated within only a few minutes before the committee adjourned. The provision I have read was deleted, but part of the clause which appears in the report was written by the Minister of Reconstruction and part was written by myself, during the discussion around that table. I threw one piece of paper up, and the Minister of Reconstruction threw another piece of paper; and the original language of what I considered was a suggestion was embodied in the report. I made it clear when I threw my piece of paper up that this was just an idea, that the steering committee could work on it and put it into better language to be presented to the house in the report.

Mr. LALONDE: And we came back with it the morning after.

Mr. GILLIS: With the original draft; it was poorly drafted.

Mr. MARTIN: The hon. member is talking about clause 6?

Mr. GILLIS: Yes. The intention behind clause 6, according to my interpretation and my understanding of it in committee, and also as I remember it—the Minister of Reconstruction placed himself on record last night as to his understanding of it—was that we were trying to adopt a provision under which the working men in this country when they are asked to place their wives and families up against a picket line—because they are the ones who will do the suffering—should have a right to vote on it. If an industry is to go on a strike in this country, the merits or demerits of the dispute or strike action should be balloted on by those affected in the industry —the man who, in the final analysis, pays the bill. Secondly, as to the latter part of it, my conception of it was this, that if a vote is taken, as it has been taken in this steel dispute, that legalizes that strike as far as the vote is concerned. If an industry is tied up without a vote having been taken, it is not only the prerogative of the Minister of Labour but it is his duty as a responsible member of the government to see that a vote is taken to determine the wishes of the people affected in that particular dispute. Many constructions were put upon this in the house, and every hon. member is entitled to exercise his judgment as to what this section means. I know what I meant when I supported it. I had the word of the Minister of Labour that he would make a statement in the house and put that interpretation on the record.

Mr. MITCHELL: Just a question for the purpose of clarification. I believe I am thinking along the same line as my hon. friend. Take such a case as I pointed out in the committee; that I receive a report from either side and after investigation I am of the opinion that the vote was not taken properly —my hon. friend knows what I am driving at— we would not put that outside the discretion of the minister?

Mr. GILLIS: Not at all. If I were minister of labour and I was told that an industry with 14,000 workers had taken a vote in a telephone booth by a show of hands, I would certainly see that a proper vote was taken— definitely. But the particular angle of the thing which I am concerned about is this, that the right to say whether you are going to strike should rest with the rank and file affected. That is where it should rest. That is democracy. On the other hand, if men are pulled out on wild-cat strikes the minister of labour in this country cannot be a rubber stamp. Suppose I were the responsible minister; I could not see myself accepting a position whereby someone pulls the pin from under an industry and walks in and says to me, "We are on strike, whether you like it or not, and we are running the show without any consultation with the rank and file of the people of this country." The basis of the movement which I belong to is control on the part of the people. That is why we hold conventions and write policies. The leadership of this C.C.F. movement carries out the instructions given by the rank and file.

An hon. MEMBER: Oh, oh.

Mr. COLDWELL: Surely, we do.

Mr. GIBSON (Comox-Alberni): Except in West Kootenay.

Mr. GILLIS: I would like to say that the mechanism of the particular matter we are talking about is not for the benefit of us in Nova Scotia. We take that vote; there is no trade union leader in the province who, on any of the basic issues which affect the membership of the union, would dare take any step without a referendum vote—a levy on membership, a strike, agreements when they are finalized. That is democracy, and that is what we fight to retain. I was called from Sydney a few nights ago when this was phoned to them. Some one interpreted this proposal as meaning that the Minister of Labour could order a vote in the Hamilton plant on the wage question. It cannot be done. After a vote is taken it legalizes the strike; if there is not a vote there should not be a strike.

The hon. member for Spadina (Mr. Croll) spoke of the Rand formula. I am all for the Rand formula. I would have written it in the report; and I may add that if I had written that report it would have been different from what it is. There would have been about four clauses in it, strong and specific. But no one member wrote it; it was a compromise, based on different opinions. But when the hon. member for Spadina said the other evening that the Rand formula would apply to this situation and would cure it, I must tell him that it has nothing to do with it. The Rand formula is union security; this is a strike vote. If the Rand formula is applied to industry in this country it eliminates picketing. There is proof of that in the steel strike. In Sydney there is no picketing, because they are organized one hundred per cent and they have union security by agreement.

Mr. MITCHELL: Is that not the best kind of security?

Mr. GILLIS: Definitely. And there is no picketing at Algoma. There is no union security in Stelco, but there is a civil war on. I would say that the Minister of Labour should have a national code enacted as soon as possible and write into it the Rand formula or something like it. On the other hand, the hon. member for Spadina based his construction of this particular section on the use of the word "affected". I do not know what he has in mind. I had no intention of including the superintendents, clerical staff, stenographers and so on. They are not affected. In any strike I have ever been in, the office staffs and superintendents and clerical staffs and confidential staffs were paid their salaries, and they are not eligible for membership in the union. But I think that every man who is eligible for membership in the organization should have the right to vote, because he is affected and should be consulted.

Mr. MITCHELL: Would you go this far; would you use the constitution of the organization—?

Mr. GILLIS: Definitely. These things are written into the constitution and the agreements of the old established unions. But in this province you have not old established unions except in the crafts, and in your mass industries, particularly, until such time as they have grown to maturity and write these laws for themselves in their own agreements and constitutions, legislative action is necessary now, in order to guide them and see that the rank and file—and, indeed, the leadership—are protected. Because pressure groups in an organization can throw a strike against the wishes of the executive board; they wake up in the morning and find their industry is tied up and they have had nothing to say about it; then they are "behind the eight ball" in disentangling it.

This is not legislation; this is merely a suggestion by way of a report from this committee. I assume that officers of the crown will sit in and draft legislation on the basis of these recommendations. All legislation which goes through this house is prepared in that manner; regulations are written, interpretation clauses provided, and so on. All this is merely a suggestion. We did not try to write legislation. I had no conception or thought of doing so. Under present circumstances in this country I am merely supporting number 6 on the assumption that the construction placed on it by the Minister of Reconstruction and Supply and the Minister of Labour in the committee, and the ideas I have about it, are correct. It is to provide for a strike vote; before an industry goes on strike, balloting the men affected, and then there is the "after" business, after a strike takes place, after an industry has pulled a strike without consultation by ballot of the men affected the minister has a duty to perform to take a ballot there and see that it is taken properly; and that is the end of it.

Mr. MITCHELL: If the minister has any doubt as to how the ballot was taken?

Mr. GILLIS: Yes. If you are notified by the membership that no proper ballot was taken, certainly you have a duty to perform. Then, I think, either side should be in a position to demand it. There may be cases in which you will get as many requests from

the employees of an industry as you will from the industrialists, that they are on strike without a ballot. I could tell you of many of these things which I have been through, but I do not want to waste time. That is why we have written these provisions into our constitutions and our agreements. When the minister speaks I want him to clarify that particular point. I am supporting the proposal on that basis: it is a strike vote and a strike vote only. I use the word "affected" because I believe it is important. It would place trade union leadership in this position, that before a strike took place in any industry which they were organizing they would be absolutely sure that they had a reasonable number of people in the organization to make that strike successful. Striking a split plant is bad tactics, and I believe that the people should be guided with legislation of this kind to make sure that a proper organizational job is done before a strike. I think some of us who have had experience here should have the courage to put that into legislative form as a guide to those who, if we do so, will not have to learn the hard way, the way that some of us had to learn it.

In conclusion, and I apologize for taking so much time, there are three things that must be done. First, if this man Kilbourn has made the statements attributable to him here with regard to Hamilton and the way he intends to take an inventory of every person in the plant, he should be removed. Otherwise he has scrapped our committee's work. Second, I think that someone who is fair and who has not got something like that on him should be appointed and that the steelworkers' last proposal should be used as a basis of negotiations for settlement. Their three proposals if accepted would settle the strike and the rest could be left to arbitration. But the important thing is to get the industry back into production as quickly as possible. Many of the committee's recommendations could be worked out later, but it is essential that the industry be got back into production as soon as possible. I think the Minister of Labour should give serious consideration to the recommendation of the union that industrial councils be set up to deal directly with management, employees and the government. They should replace the present war labour boards, which were set up as a war measure and were designed for a different period. They are not measuring up to the requirements of this period. I hope the minister will give serious consideration to that.

I wanted to place my opinions on the record. I respect the opinions of others who may have disagreed with me on clause 6; for I know that they all want to do the best they can for those affected. I hope that the interpretations as I understand them and as the Minister of Labour understands them and as the Minister of Reconstruction and Supply understands them will be written into legislation to be presented to the house for the guidance of union people and industrialists in this country.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, the question that we were discussing before the house rose is one in which every hon. member is deeply interested, and I do not think it can be said that any one member is more concerned about it than another. It is a question that affects the whole economy of Canada, and certainly I believe that everyone else is just as anxious as I am to have the strike settled. As I was a member of the committee and also of the steering committee, I believe that the members of both sides, the main committee and the subcommittee as well, were sincere in the work they performed. It was a difficult task, and it was made difficult because of the fact that the strike was already in progress. It was made difficult too because of the limitations of the order of reference to the committee. I do not believe, and I am sure many other members of the committee feel as I do, that the order was wide enough to cover the field as efficiently and as thoroughly as it should have been. Moreover the time factor was an important part in our proceedings, because the house was due to close, or at least we hoped it would close, within a very short time, and we were compelled under the order of reference to report back to the house. That was an important factor in accounting for the short report which the committee made to the house.

Some people may think, looking over the committee's report, that there is not much substance in it. On the contrary I believe that if the recommendations are followed by the government a great deal of good can come from the report, and I wish to pay tribute to the members of the main committee and the steering committee—I was one of them—for their sincerity in desiring to bring the committee's deliberations to a satisfactory conclusion.

I have looked at the papers this morning and it seems to be the opinion of some at least that the members who speak from this

party are not giving as thorough and complete consideration to the report as might be given, but rather that they are emphasizing their own theories to too great an extent. I assure you, Mr. Speaker, that is not my point of view, nor do I think it is the point of view of any other member of this party.

In short, the situation is this. By following the practices that we have followed in the past, that policy which has been directed—I am not saying this is any offensive way—by both the old line parties has resulted in the condition in which we find ourselves in the matter of labour relations to-day. It is not a good picture, nor do I think it is a good attitude of mind for members to confine themselves to an outworn policy and to refuse to listen to some other theories which may, if put into practice, remove the difficulty or go a long way towards its removal.

Let me come now more closely to the topic under discussion. I wish to speak for a moment about what I consider to be labour's attitude towards the whole question, before I come more particularly to the report itself. I think it is fully recognized that history is once more repeating itself. Every time we have had a major war we have experienced a period of prosperity. We have only to go back to the last war to confirm this. After the last war we experienced such a period of prosperity, and and it was followed by a period of dire depression which we all remember. In this instance, during the war we had a great period of prosperity; in fact, our prosperity has been higher than it has been for a number of years, and we are following exactly the same road. I do not think anyone can blame labour for believing that since we are following exactly the same road as in the past, we shall arrive at exactly the same place. That, I believe, is the fear in the minds of most labouring people. They are fighting for economic security, fighting to avoid the depression which they see coming. One cannot blame them too severely, therefore, if they try by every means in their power to ward off the disaster which they believe to be imminent.

It was suggested in the evidence given before the committee by the unions that an income of $1,750 would not be too great to guarantee the working people of Canada a satisfactory standard of living. In my opinion that is a sound basis upon which to go, and we should so adjust our economy, taking that as the starting point, that everyone in Canada would be assured as far as possible a decent standard of living. When we consider that during the war years we increased our productive capacity to such a vast extent, it is conceivable that if we turned that vast productive machine into the production of consumer goods, the standard of living of everyone in Canada could be raised to that which is desired, and at least by that measure they should have in financial returns an income of $1,750.

It was pointed out on many occasions in the committee that the cost of living had not risen as greatly as had the increases in labour wages. I do not think that statement is correct. If I remember rightly, the cost of living index is now around 124·6. That may be so, but in my view it is not a true index of the cost of living; for it takes in very few specific items and does not cover the general increase in the cost of living to the ordinary man. For instance, clothing in itself, which is a material factor in the working man's income, has increased to about 126·1. Food, which is another major factor in the cost of living, has risen to around 130·2, if I remember rightly. When one considers that these two factors alone, food and clothing, constitute an expenditure of about fifty-one per cent of the working man's income, it must be admitted that the standard of living of the working man based on present income is rapidly going down. That is something about which we are all concerned, a question we are all anxious to settle. But we cannot settle that question if we allow prices to go up and working men's wages to stay where they are.

It has been said that labour is guided by communists. I hold no brief for the communist party, and no one can accuse this party of favouring communism. Certainly we do not do that. It would be an injustice to the labour movement to say that by and large it was being led by communist individuals. It is true that some branches of labour are being led by individuals who are communists. If I judge aright the opinion of the members of the committee, which is based on the evidence heard before the committee, they are of the same opinion as I am, that responsible labour leaders are just as much against the intrusion of communism within their ranks as we are. We must not brush aside too lightly the whole question of labour unrest in Canada by merely asserting that labour is being led by communists.

Let me refer for a moment to the committee itself. The committee was not set up until labour conditions in Canada were in a bad state; in fact labour relations had broken down completely. A controller had been put in charge, and his negotiations had failed. Then the strike was upon us. Shortly after

that the committee was set up. It may be said that the committee did not have the responsibility of settling the steel strike, but it was my view, and I think it was the view of most members of the house, that the committee had two matters assigned to it in its order of reference. The first and foremost was to settle the steel dispute; the second was generally to investigate labour unrest in the country and to bring in recommendations which would make for a more stable economy. In the committee we went so far as to recommend that a negotiator be appointed to deal with the two parties, and that was done. It is true that he did not have a great deal of success, but I shall speak of that a little later.

I am of the opinion, as were other hon. members who have spoken, that one of the things which the committee did not have power to deal with—and they should have had that power—was the setting of a proper rate of wages which they thought might have been satisfactory to labour and industry. We did not have that power, and therefore we could not deal with it. It was not our responsibility. It still remains the responsibility of the government. Because we did not have that power, it was inopportune,—if I may so express it—for the chairman of the wartime prices and trade board, Mr. Gordon, to tell the committee that he thought an increase of ten cents was about as much as should be given. By doing so he put not only the committee but labour and management in a tremendously awkward position.

At this point I should like to refer to the relationship which we found to exist between the national war labour board, the regional boards and the wartime prices and trade board. In my opinion there is not a proper relationship between them. One acts almost independently of the other so far as their decisions are concerned. I know Mr. Gordon pointed out that there was consultation, but the evidence produced before the committee convinced every member, I believe, that there should be greater contact and greater liaison between the wartime prices and trade board and the labour board.

I wish to refer to the evidence which was given by Mr. Gordon. In the committee Mr. Gordon said that in his opinion the ten-cent limit was about as high as we could go without breaking the price ceiling. It was wrong at that time for the chairman of the wartime prices and trade board to give that opinion. I say it was wrong for this reason. In my opinion, and I think the evidence will bear me out, Mr. Gordon did not know whether or not ten cents was the limit, and certainly he did not know that in the $5 increase in prices given to the steel companies there was a ten-cent increase in wages. I refer to that not to be controversial but to put the record straight so that hon. members and the people at large will not get the idea that the committee held that view.

Speaking on this subject yesterday the Minister of Reconstruction (Mr. Howe) said, as reported at page 5125 of *Hansard:*

> Another thing which I think must have impressed itself on the committee was the obstacles put in the path of any possible settlement of the steel strike.

In my view the greatest obstacle put in the way of Mr. L. W. Brockington bringing the steel strike to a successful conclusion was the statement made by the chairman of the wartime prices and trade board that ten cents was about the limit. That statement was backed up most strongly by the Minister of Labour (Mr. Mitchell), the Minister of Reconstruction and the Acting Minister of Finance (Mr. Abbott). It absolutely tied the hands of the negotiating parties, and there was no possible chance of any satisfactory conclusion being arrived at other than what in effect it was government policy.

On page 5126 of *Hansard* the minister said:

> Therefore, in making an adjustment of steel prices they made an allowance for wage increases.

The minister and others having stated that ten cents was about the limit, that in itself would lead anyone to believe that ten cents was the amount which was considered by the committee to be the maximum. That is not true. Certainly I know members of the committee who differed widely from Mr. Gordon in that regard. Further on on the same page the Minister of Reconstruction had this to say:

> However, I think members of the committee came to the opinion that a wage increase of ten cents was about all the increase in steel prices permitted. Was that a reasonable increase?

And then further on the following appears:

> Therefore, management, in presenting its claim to the wartime prices and trade board and the wartime prices and trade board in assessing that claim, could reasonably forecast an increase of ten cents an hour for labour in basic steel.

I say that is the wrong impression to give, because in my view at least as one member of the committee the wartime prices and trade board did not consider that a fair increase when the offer was first made. The minister went on to say:

> Under pressure Mr. Gordon admitted that ten cents an hour was about the figure that the wartime prices and trade board had in mind.

I say that is not according to the facts. We should put the record straight in one instance. I do not wish to tire the house at this late hour by reading long extracts from the evidence. But this is an important matter. Had it been cleared up in the first place I do not think the strike would ever have taken place. Let me read from the evidence exactly what Mr. Gordon had to say in regard to the increase in wages which was supposed to have been allowed in the $5 increase in the price of steel. There is no mistaking this evidence; Mr. Gordon was most clear and explicit. I asked him a question, and I am going to read that question together with the answer so that the committee may be in a position to judge whether or not the statement by the Minister of Reconstruction and Supply is in accordance with the evidence. At page 329 of the proceedings of that committee I asked:

The point I wanted to make is this, Mr. Gordon, that you were in a better position to decide whether or not this company could make a ten cent offer. The company was in a more favourable position than you were to know they could make the ten cent offer, and what was the position of the union in demanding the increase. Now, it was quite evident—

Notice this.

—that there was a certain amount in that $5 which had been allocated for wages.

The answer Mr. Gordon gave was this:

No, not necessarily; that is the point I have been labouring to put forward. That was dependent entirely on the decision of the management of the steel company as to what profit level they were willing to operate on; and they could quite easily and quite reasonably have taken the attitude that they could not afford to pay anything for wages because they were not earning a profit amount anywhere near the amount which they ought to be earning by pre-war standards in relation to the volume of production that they are now undertaking. I have already told you that the steel company had reached a production of two and a half times their pre-war volume.

A little further down, in explaining the same question, Mr. Gordon went on to say that if the company had taken the view they could not give anything—

That would have been a reasonable argument. But if they had taken that stand I do not think they could have paid anything.

Then to make doubly sure, at that point the hon. member for Spadina (Mr. Croll) interjected:

—you allowed yourself to be in a position where there might have been nothing, and you say it is reasonable for them to take that position.

I suggest, Mr. Speaker, that the remarks of the minister are not in accordance with the evidence given by Mr. Gordon.

[Mr. Johnston.]

Mr. MITCHELL: What minister are you referring to?

Mr. JOHNSTON: The Minister of Reconstruction.

Mr. MITCHELL: For once I am out of it.

Mr. JOHNSTON: Yes. If the wartime prices and trade board had done as I believe they should; if they had thoroughly investigated the financial position of the company before making any suggestion of an increase in the price of steel; if they had waited until they knew exactly what increases were to be made in wages, they would have avoided a great deal of difficulty. But the wartime prices and trade board never knew for sure whether there was anything at all, whether there was one cent or whether there was twenty-five cents for wages in the $5 rise in steel. Had the wartime prices and trade board been in a position to say to the unions, "We are allowing a $5 increase, in which there is a ten cent increase in wages," and had this offer of the ten cent wage increase been made at the time the $5 increase in price was permitted, I believe our difficulties would have been avoided. But there was absolutely no relation between the price increases granted the steel company and the wages offered the steel workers. In my view there should be a more definite and thorough investigation into that problem, and certainly into the relationship between the wartime prices and trade board and the national war labour board.

In my opinion the wartime prices and trade board started from the wrong point in this matter. When they made the offer of $5 they were developing their negotiations with Stelco, which is financially better off than any of the other companies. It seems to me they should have begun their negotiations with the company in the poorest financial position, to ascertain whether or not they needed an increase in price and what increase would be required in order to give the workers in that plant a decent standard of living. I believe they would have saved themselves a great deal of difficulty if they had begun in that way.

If I might refer back to the quotation I read from the evidence of Mr. Gordon, that was given when Mr. Gordon was before the committee in person. Later he submitted a statement which was merely placed on the record, from which I should like to read one or two lines in order to show a contradiction in his statements. At page 4 of the statement which was placed on record he said:

As I said before, that was a departure from our usual practice. In considering every other application for a price increase, we have not taken into account the possibility of future wage increases. This steel case was an exception and

the decision was made, as I have stated in previous evidence, in the expectation that settlement of the price application would enable pending wage negotiations to be completed quickly. Furthermore, it certainly increased labour's chances of getting a reasonable and prompt increase in wages.

I say that is in absolute contradiction with the evidence he gave in person. Further down this statement says:

We authorized this increase in good faith and for good reasons and in the belief that an increase in wage rates was a certainty.

I am quite sure that if this question had been properly dealt with in the beginning of negotiations, a great many of our difficulties never would have arisen. Then when the committee in its wisdom—properly or otherwise—decided to appoint Mr. L. W. Brockington as negotiator between the companies and the union, a motion was made that the committee rise while those negotiations were taking place. That motion was supported by two or three or four of us on the committee, but was not carried. I thought it a shame that the committee should continue to take evidence during the very time the negotiating parties were endeavouring to reach a settlement. Our stand was vindicated later. The Minister of Labour, the Minister of Reconstruction and the Acting Minister of Finance gave it as their view, in public statements, that a ten cent increase was about as much as the ceiling would stand.

Mr. MITCHELL: I did not say that. What I said was this, and I want to repeat it; that I felt even that increase would find its way into the price structure. That was the import of what I said. You are not going to get me in the position—not yet, while I can stand on my feet—of admitting that any increase, whether it be to the farmers or to anybody else, does not find its way into the price structure. A child understands that.

Mr. JOHNSTON: Well, the minister is getting unduly riled, because I never even suggested that; I never attempted to put the minister in any compromising position.

Mr. MacINNIS: He did that himself.

Mr. JOHNSTON: Yes, he did it himself.

Mr. MITCHELL: I want to say to the hon. member for Vancouver East, "No prompting".

Mr. JOHNSTON: This is the point I am trying to bring out, that when the committee appointed Mr. Brockington to negotiate, the government, in effect—and the minister may take exception to this—stated government policy when it agreed with Mr. Gordon that ten cents was about the highest that the price structure would stand. I am trying to put it fairly so that the minister will not take objection to it. And that is the very thing that tied the hands of Mr. Brockington. He went into those negotiations bound by a ten-cent ceiling. The result was that when Mr. Brockington brought in his report it was evident throughout that he made a stand at ten cents. Of course the members of the union would not accept that, because they had already made public statements that they would not accept anything less than fifteen cents. The companies on the other hand had said they would not accept anything higher than ten cents. That was bound to destroy the negotiations between the company and the unions under Mr. Brockington's leadership. That procedure, which was directed by the committee itself, was doomed to failure before it ever got a chance.

Now, regardless of the fact that some may say the union is all to blame in this, I do not think that the union is all to blame. They did things which I think most hon. members think would have been better left undone. They have broken the law, as has been pointed out by other hon. members—and I am not going to repeat it. But so has the company broken the law. That will not settle our difficulties. The way to settle them is to get the two together and have a settlement made so that production will again begin to roll off the lines.

It was pointed out in committee that the companies themselves have gone into a production sit-down strike. That is something I think should be looked into, because the unions are not the only ones who are holding up production. I believe that from the point of view of inflation there is a greater danger right now of inflation coming about because of no production than there would have been if we had given the fifteen cents asked by labour. I repeat that there is a greater danger of inflation by no production than there would have been if we had granted the fifteen cents, and set up some other means of meeting the cost.

Of course some hon. members have strong objections to the government paying subsidies. I wish to point out that even in the United States the government saw fit—probably it was compelled to do so—to withdraw some of its subsidies and to withdraw price controls. But in its wisdom it has reverted to its first process. And it might be well for us in this country to revert to the giving of subsidies, now cancelled, in order to keep the wheels of production going. It has been drawn

to my attention, too, that tariffs are one of the greatest sources of subsidies enjoyed by industry. We allow them to be paid.

Only this afternoon I saw in to-day's issue of the Ottawa *Citizen* of August 21 a dispatch from Washington, dated August 20, stating:

> The United States price decontrol board to-night ordered ceilings restored on all meat, and Paul Porter, head of the office of price administration, said they will be "at or close to June 30 levels."
>
> The board ruled that dairy products and nearly all grains should remain free of ceilings but it restored price controls on soy beans and cottonseed products.
>
> O.P.A. and the agriculture department will determine the ceilings on the recontrolled items and put them into effect Friday.
>
> The board also authorized revival of June 29 subsidy payments on meats and live stock.

But when we suggest it might be better for the government to restore some of the subsidies in order to make it possible to meet the wage demands that labour is asking, some hon. members say, "Oh, you are crazy." But is it more dangerous to allow industry to cease producing than it would be for us to spend a few million dollars in subsidies to make up this deficiency, if the companies cannot do it? And, mind you. I do not agree that they all cannot do it, by any manner of means. I think it would be good business for the government and the country at least to study the possibility of giving subsidies in cases where they are needed. I am not going to discuss where the government will get the money to pay subsidies. It will be said that it will be raised by taxation and that it will increase the cost of living for everybody. That may be true, but at least it will be spreading it over the whole of Canada. I should like an answer to that.

I am not going to deal with the report at length, but I would refer to one other recommendation which has been mentioned in this debate, namely section 6. I am not speaking as an experienced union man, because I am not a union man, and I want that clearly understood. But we had men on the committe who were union men. We listened most carefully to union pleas in this connection, and we also listened to the side of industry too. Those of us who were impartial could at least form some logical conclusions respecting this section. So that there may be no misunderstanding for anyone who reads *Hansard,* I shall put the section on record. It states:

> 6. Your committee recommends that the Minister of Labour may, at the request of either party to an industrial dispute, and if he deems fit, either before or after a strike is in progress, direct that a strike vote be taken under government supervision to determine the wishes of the men affected as to whether a strike will take place or otherwise.

I was one who supported that; there were others who did not. Some say that you can interpret it in one way, others that you can interpret it in another. I shall tell the house how I interpret it, and I believe if the government follows the recommendation as it is worded there will be no danger in it; in fact I believe it will be beneficial both to labour and to industry. My view is that in respect of what are generally called wild-cat strikes, where there has been no proper strike vote taken, even though a strike may be in progress—and that is where the words "before or after" come in—some authority may come in and take a vote to establish whether or not the negotiating party has the right to call a strike. That is my view of it. I do not think the wording of the recommendation would permit the Minister of Labour or anybody else to go in after an official strike vote has been taken, and then put on a series of votes to see whether or not the men should go back to work, when a company might desire to increase the wages by one cent or two cents or three cents or whatever they might think they could get across. That is not my view.

I am firmly of the opinion that in this instance the Minister of Labour will accept the recommendation as it is worded, and that he will go into a plant where he is satisfied a proper vote has not been taken by those affected. He will take that vote, in the manner in which any other democratic election is carried on—by secret ballot. In this way he will determine whether or not there should be a strike. Once that strike vote has been taken, that is the end of it. The strike is in progress or it is not in progress, as the case may be. I certainly would not agree with the view that the government should go in and interfere with the union once a strike has been properly called, and I do not believe the Minister of Labour would take that view. Certainly it would not be my view. But I do believe if the government sees fit to put the recommendations made into effect—and there are seven of them—they will be of considerable assistance in the state of industrial unrest which prevails in Canada.

Mr. L. W. SKEY (Trinity): Mr. Speaker, I shall not take up more than a few minutes of the time of the house. There is one and only one section of the work of the committee with which I should like to deal.

Before proceeding to do that, however, may I say that a few weeks ago, speaking on the budget debate, I took the liberty of recommending to the government that Mr. Donald

Gordon, the chairman of the wartime prices and trade board, should be invited into the federal cabinet. I would again suggest that, because, as we saw in committee, it was the action of the wartime prices and trade board in setting the price on steel and the increment in wages that was at the root of the strike. We also heard yesterday the able hon. member for Calgary West (Mr. Smith), who showed the lack of liaison between the wartime prices and trade board and the Department of Labour.

Mr. MITCHELL: The war labour board; it is not the Department of Labour.

Mr. SKEY: The war labour board; I am sorry.

When we were in committee, with a number of others I took the view that the government should make a public declaration of its wage policy. I am still of that opinion. I think that the absence of it is at the root of this strike. Union members lack any knowledge of how far the government will permit increases in wages to go.

Mr. MITCHELL: Does my hon. friend, when he speaks of "wage policy", mean that we should set a sum?

Mr. SKEY: Well, the government has said that there must be a measure of wage stabilization. I think it is only fair that if wages are to be stabilized to a certain degree, the government should tell the people of Canada to what level wages can be permitted to rise in this country. It does not mean necessarily that every plant in Canada will pay 15½ cents per hour more to its workers. The unions know that some plants cannot afford to pay that much. But I think you have to set a ceiling.

Mr. MITCHELL: My hon. friend knows that the ceiling is always the floor.

Mr. SKEY: Yes; well, it is not the minimum wage we are talking about now. We are in favour of a minimum wage as well.

The wartime prices and trade board have placed a ceiling on consumer goods in this country, and every housewife and every citizen knows what that ceiling is. How the government say that we require a measure of wage stabilization in Canada, and they have to put a ceiling on that wage stabilization if they want to get some stability into the situation.

The hon. member for Cape Breton South (Mr. Gillis) has said that he feels that the basic issues are unchanged. His remark when we came out of the committee was that the basic issues were unchanged and the thing was just where it was when we went into it. I agree with him in that. I do not think that a thing has been changed; I think it has been aggravated to a certain extent. But that was not the committee's fault. I believe he will agree with me that we tried in every way we knew how to get the facts and to have the government make a statement on this subject, but every time we were stopped. We were stopped by Mr. Gordon's "ten cent" speech; we were stopped by a statement from the Acting Minister of Finance (Mr. Abbott), we were stopped by a statement from Mr. Murchison, of the Department of Labour, when he brought in a document purporting to prove that a ten cent rise in wages in Canada is equal to a 18½ cent rise of wages in the United States. So in the end we all became, I think, a little bit discouraged.

What is the basic issue at the present time? Isn't it that? These men in Hamilton struck against their company for an increase in wages—something which organized labour all over the world can do if they so wish. They struck against their plant, whether rightly or wrongly I would not wish to argue now. But what did the government do? The government so manoeuvred the situation as to place themselves in the position of the company, so that the men are almost literally striking against the government when they meant to strike against their employers. The government is behind all these negotiations; the government has said that a measure of wage stabilization is necessary; and I have risen this afternoon only to say that it is my firm view that the government must make known the ceiling on wages.

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, I was appointed to this committee, but I could not attend the sittings very regularly, for obvious reasons. I wish to congratulate the chairman for the able manner in which he presided over the proceedings of the committee. He has done exceptionally well. His task was difficult, because the committee was very large and the matters with which it dealt were most contentious; no one could have done better than he did. My praise goes also to my fellow members of the committee, all of whom were men of good will, who showed that they considered the situation a very serious one, and each of whom, in his own way, did his best to come to some agreement and offer worthwhile proposals to settle our difficulties.

This is the time—at the end of the session—to discuss the reports of all committees, but I regret very much that the estimates have not yet been passed, because there are many things which I would have said on the esti-

mates but which I shall have to say to-day. I have noticed that at the beginning of the session, when members are about to talk on a certain departmental matter they are often told they should wait until the estimates come and then they will be given a full opportunity to discuss the matter in which they are interested. But we have to wait until the end of the session; this is the 21st day of August and the session started in March, yet the estimates of the Department of Labour have not yet been before us.

I do not wish to praise only the work which has been done in the committee. I must eulogize hon. members who have already spoken for the tone of their speeches. Yesterday I listened to the hon. member for Calgary West (Mr. Smith) and some others, and to-day I have listened to the hon. member for Cape Breton South (Mr. Gillis) and my two hon. friends who have just spoken. I congratulate them very heartily. It is impossible for all of us to have the same views about everything, and it is from discussion that we get light. The Minister of Labour (Mr. Mitchell) should take advantage of all the suggestions which have been offered to him to try to improve conditions of labour in this country.

In labour matters there are three parties; there is the employer, the employee, and the consumer; and, as a sagacious economist has just pointed out to me, until now the consumer has been quite a forgotten man. But I have been taught from my youth that one must respect the workers, and that they are entitled to all the comforts of life. Therefore since I have been elected a member of parliament I have done my best to try to improve the conditions of labour in this country. My first step in that regard dates back to the sessions of 1928, 1929 and 1930, when I pointed out to the House of Commons and to the government that salaries and wages in the province of Quebec were much lower than in the other provinces. During that period I never ceased to advocate fair wages and make representations to that effect to the Prime Minister (Mr. Mackenzie King) and to the then minister of labour, who was Mr. Peter Heenan. I prepared tabulations showing that wages were lower in the province of Quebec than in any other province; and finally, with the support of the Prime Minister, the minister of labour sponsored a bill which is now chapter 20 of the statutes of 1930, an act respecting fair wages and an eight hour day for labour employed on public works. Parliament did not exceed its jurisdiction, as determined by a judgment of the supreme court which was given a short time before. At that time parliament believed in civil rights. Last year I made the suggestion during the Windsor strike that representatives of the union should be invited to attend the committee on industrial relations, and I spoke to deaf ears. The government did not pay any attention to my suggestion; and it was only when a Conservative member repeated the same suggestion a year later, in connection with another strike, that the government jumped at it and at once accepted it. When it is offered by a Liberal it is no good; when it is offered by Conservatives it is good. I do not complain of that, because I offer my suggestions with a big heart. When they are accepted I am delighted. But what surprises me is that what comes from the party opposite is considered better than what comes from within.

In the second place I attended a sitting of the committee, and I had a chair not far from the witnesses. But then I was asked by one of the learned counsel to give him my chair. This is the first time that a member of parliament has had to give his chair up to a learned committee counsel. I am told that he was more important because his salary exceeded that paid to the counsel for the Rowell-Sirois commission by $50 a day. Therefore he was more important than a member of parliament and I had to make way for him. But I did not begrudge that. I had some business to attend to in the house. Not having the gift of ubiquity, the only thing I could do was to glance over the reports of the committee at night, and this I did not fail to do to keep myself informed of what was going on.

I want to put on record what has been done for labour by a member of parliament, and it was not done as a mission because no one had asked for it. It was a self-imposed task, undertaken to improve the conditions of labour in this country. In the first place there was the act referred to, and in the second place there was a report on unemployment. For many years I tried to bring order in the Department of Labour. During the Bennett regime the minister of labour was a big giant, and when I suggested that classifications should be made of the unemployed he referred me to the bureau of statistics. The unemployment was prevalent in 1935, and I was referred back to statistics of the census of 1931, four years before, which was an absurdity. The Department of Labour at that time had no definite information at all about unemployment; all the information they got was scanty. I was told by the government of the day to go to the bureau of statistics to get the information that was not up to date but related to conditions of four years before.

But in spite of everybody and everything I decided to get the information I was seeking. I attended a meeting of the mayors in the Chateau Laurier and asked if the municipalities had that information. I was told by the mayor of one of the cities in western Ontario that they had, which in most cases was not true. The mayor who told me that was all wrong; it was not true. But a census of unemployment had been made by the province of Ontario at the instigation of the hon. member for Spadina (Mr. Croll), who was the minister of labour and welfare in Ontario. The data I got at that time from the province of Ontario were very useful to me in the preparation of my report. What was considered an impossible thing to do by the Department of Labour at Ottawa and by the government of that day was done by the member for Temiscouata, with the aid of his secretary, in about a month and a half. It took me three weeks to collect the data from the municipalities, and another three weeks to compile it. I have the report here. When I presented it to the house I was turned down by Mr. Speaker, who said that under the rules of procedure of parliament he could not accept the report. The report had been prepared and drafted giving information as to the number of unemployed and their different trades or professions so that order might be reestablished in society and an opportunity given to the government and to municipalities and employers to put to work men who had special training or special experience. That work was done, as I said, by the member for Temiscouata, in a month and a half. It was done before the election of 1935, and I sent a copy of the report to every member of parliament, including the members supporting the government. I received a very fine letter from a Liberal candidate in northern Ontario who is now the Minister of Reconstruction (Mr. Howe). His letter is dated June 19, 1935, and reads:

Dear Mr. Pouliot:

Please accept my best thanks for copy of your memorandum dated June 8, 1935, on unemployment. I have read this with a great deal of interest, and am going through it again to make notes for use in my election campaign. It is the most complete analysis of the situation that I have seen and will be exceedingly useful to me.

Yours sincerely,

C. D. Howe.

My report was not made for political purposes. That was a secondary consideration. My main purpose was to bring order out of the chaotic conditions of labour in this country at that time. And I had my reward. Very seldom do I have praise in the house except from my hon. friend the member for Davenport (Mr. MacNicol) and my hon. friend the member for Broadview (Mr. Church), who are too generous to me.

Mr. MacNICOL: You deserve much more praise than you get.

Mr. POULIOT: Thank you, sir. On March 9, 1936, the Hon. Norman McL. Rogers, then minister of labour, an hon. gentleman who was so kind to me, said this, at page 994 of *Hansard*:

May I say this, too: the hon. member for Temiscouata, by his industry and persistence a year ago, laid the foundation for the work we are seeking to carry on now in that direction.

He was speaking of collecting information on unemployment, and went on:

No one can question the desirability of securing this information at as early a date as possible; certainly no one who has any acquaintance with the problems confronting social service agencies in Canada can doubt the wisdom of obtaining and analysing this data. Already some of the returns have come in from the provinces. As soon as it is possible to summarize that information I propose to lay it before this house.

The Department of Labour had my report mimeographed so that it was available to all members of the house, to whom it was sent so that they would be familiar with that angle of the labour situation. That report was prepared by the member for Temiscouata with the aid of a stenographer, work which it was said it was impossible for the Department of Labour to do. There must have been something wrong with the department. But afterwards an unemployment commission was appointed, of which Mr. A. B. Purvis was chairman. He was a great friend of Mr. Dunning. The commission studied unemployment conditions in this country, but the only man who gained anything from all the work of that commission, which cost half a million dollars, was precisely Mr. Purvis himself. It served no other purpose. When the report was tabled I threw it on the floor to indicate that it was absolutely useless. It was a gesture of indignation at incompetency. Then I wrote a letter to the Minister of Labour. I had been working very hard to improve the conditions of labour and had done a work which had been praised, rightly or wrongly, by the minister of labour of that day. He told me that my work was the cornerstone of the unemployment policy of the government. Then everything was sabotaged by that commission. My letter was as follows:

Rivière du Loup, Que.,
August 13, 1939.

The Honourable Norman McL. Rogers,
Minister of Labour,
Ottawa, Ont.

Dear Mr. Rogers,—

Because the figures prepared by the Purvis commission both on employment and unemployment were wholly unsatisfactory and useless, I offered you, two months before the prorogation of last session, to make within a month a classification of the unemployed according to their previous occupation.

You answered me that a new classification could be made by your departmental staff from the figures gathered by the Purvis commission and that it could be completed up to date by recent information supplementing that received by the Purvis commission.

On July 22 your private secretary forwarded me two shapeless compilations referring only to part of those who were unemployed eleven months before, in September 1937.

My first objection is that, in spite of what you told me, that compilation is out of date and therefore useless.

Mr. SPEAKER: Order. I would be obliged to the hon. member if he would be kind enough to address himself to the Chair. It is impossible for me to follow him.

Mr. POULIOT: Very well, sir; but my speech is perfectly in line with others made with reference to the report of the committee. It is our wish to improve the conditions of labour, and my contention is that the work of the committee will be useless unless there is a check on the professional ability of all workers and tradesmen. Moreover, what I am coming at is that it was a wrong policy to abolish the registration cards. I would remind you, however, Mr. Speaker, that the Minister of Justice (Mr. St. Laurent), when he announced that we would discuss the report of the committee and the labour estimates, stated that all the estimates of labour could be discussed at the same time as the report, and he made that statement in broad terms. If I cannot say now what I have to say about this matter I shall have to say it later, but it would take much less time if I could conclude now the remarks I wish to make.

Mr. SPEAKER: I did not suggest that the hon. member should not continue to read the letter which he has been quoting. I merely asked him if he would be kind enough to address himself to the Chair, because, if he did so, it would be easier for the Speaker to follow him.

Mr. POULIOT: I beg Your Honour's pardon. I did not understand what Your Honour was saying, and I regret very much the remarks I have just made. I shall be pleased to face the Chair.

Mr. MITCHELL: May I say to my hon. and good friend that, if he will stay with it, this is the last speech on labour, and when my estimates come up, if he will give me a clear field, I will give three cheers for the red, white and blue.

Mr. POULIOT: I wonder if it is the new flag we are to have. If I may go on now with the letter, I shall not have much to say about labour afterwards, because like everyone else I am very anxious to go home. To continue:

Even if those figures were up to date and referring to a month or two previous to the date of the issuance of the classification, they are equally useless for many reasons:

1. Their disposition is absurd;
2. There is no index with indication of pages;
3. The occupations are too much detailed;
4. The positions of similar trades are not put together;
5. They are not summarized in general trades (a) by provinces and (b) by cities of the same province;
6. There is no comparison between the total population and the total number of unemployed in provinces and cities;
7. It is incomplete because it refers only to unemployed on relief in cities of over ten thousand population; etc., etc.

As the work done by your departmental staff is shapeless and useless, there is no room for it in my office and I return it to you by the same mail.

Let me add that it is a matter of regret that very few of your departmental staff know how to work intelligently. I have understood at first that it was your intention to have that work(?) prepared by your departmental staff because they did not like someone outside your department to do that work properly or at least sensibly, in order that any one could understand something in the unemployment problem of to-day in this country.

With half a dozen worthy exceptions which I could name to you, the whole staff of your department, from your deputy minister down, should be fired at once for the public good. It would be the first step for the relief of unemployment in Canada, and it should be so.

I have told you personally what I think of them and it is the truth. So long as you keep them in office instead of getting rid of them, there shall be no improvement in the unemployment relief policy.

I regret also not to have listened to my first thought and not to have done the work this year in spite of you as I did it successfully, some years ago, in spite of your predecessor in office, the Honourable Wesley Gordon.

Sincerely yours,

Jean-François Pouliot.

May I now read the answer I received, and I may say that Mr. Rogers was a most tolerant man. He did not object to that criticism because he understood that it was offered in good will with a view to improving the conditions, which were very bad. I quote:

Ottawa, August 17, 1938.

Dear Mr. Pouliot:

I have received your letter of August 13, 1938, in which you refer particularly to the classification of the unemployed by the Regis-

tration Branch of the Department of Labour. Your objections to the present method of classification will be brought to the attention of those charged with the work of registration.

From such information as I have before me, I cannot agree that your criticism is well founded. This however, is a matter of opinion.

I appreciated that at the time, and told him so.

I have never objected to criticism from any source whatever and have always welcomed any suggestions which might improve the efficiency of the Department of Labour. I doubt, however, if any useful purpose is served by the general condemnation of officers of the department. It is your privilege to make this criticism and it is mine to disagree with it when it assumes the form of a general indictment. Nevertheless, I am ready at all times to discuss these matters with you as we have done in the past.

Yours sincerely,
(Sgd.) Norman McL. Rogers.

This letter is to the honour of the late minister, and I have read it because I do not want to be interfered with in what I have to say regarding the Department of Labour. I will tell the minister—and hon. members know my views in this regard—that it is most unfortunate that the Department of Labour is controlled by the intelligentsia we have in the east block. The minister may deny that if he wishes, but the departments at the present time are not all under the supervision of the Prime Minister. They are under the supervision of the intellectuals of the east block, men from Oxford, Cambridge, Harvard and other places. They are intellectuals who are never in contact with the people, who have never been in contact with labour men, and it is they who make and dictate the policy of the Department of Labour and of other departments. These men, a partial list of whose names I had on December 10 last, are a curse to the country, and it is time to dispense with that intelligentsia, the same kind of intelligentsia that has caused the downfall of Russia.

An hon. MEMBER: You need a broom.

Mr. POULIOT: Yes, a good strong broom. And now, sir to show you the stupidity of some people, just at the beginning of the war, before the minister got in, an investigation was made by the departments of Agriculture, Fisheries, Mines, Transport and by the timber controller, MacMillan of British Columbia, and they decided what was the period of peak employment. I quote this, sir, to show the stupidity of these so-called experts. I cannot give it for all the provinces because I have not the time. I will give it for Ontario. It is divided into three heads—primary industry, secondary industry, period of peak employment, for Ontario alone, as I say. I have the other provinces, but time will not permit me to read them. Logging, December to March. That is false, because in the summer time pulpwood is cut and the bark is taken from it, but logging is done the year round. Sawmills May to September. That is untrue. Boatbuilding, from May to July. That is untrue. Refrigerators, April to June; mining, nonmetallic, July to November; transportation, shipping, May to November. Saw mills, boatbuilding and refrigerators are classed as secondary industries. Let us look at the secondary industries: building construction from June to November; that is untrue. Shipbuilding and repairs from May to June only; service, hotels and restaurants, July to September—no one eats in a hotel from September to July, apparently. Ice manufacturing, from June to September. Toys, September and October; toys are put in the same class as building construction and classified as a secondary industry. It is typical of the stupidity of these fellows. I shall not read all the material that I have at hand but would the house have any objection to my putting on *Hansard* an article entitled "Elliott Little was Right" which was written by myself and published in *Le Saint Laurent* on February 4, 1943?

Some hon. MEMBERS: Agreed.

The article follows:

On Selective Service

Elliott Little was Right

By Jean-François Pouliot

("Le Saint-Laurent," February 4, 1943)

"In or out of parliament, darkness, neglect, hallucination must contrive to cease in regard to it; true insight into it must be had."—*Thomas Carlyle.*

Laws reflect people. I realized this fact, finding in history the clearest and most faithful exemplification of law. The contrary is also true, because in order to have a just notion of present-day politics, one must stop to consider the deeds of legislators rather than their speeches, the arid phraseology of orders in council rather than the ambiguous sentences and the bombastic periods of parliamentary debates.

It is enough to glance over the statutes of war sessions to realize that parliament is called above all for the purpose of levying taxes destined to cover huge expenditures over which it has no longer any control. The pretext of war gave the government an opportunity to substitute itself for parliament in settling any question through orders in council passed by virtue of the War Measures Act and by stretching to a great extent the scope of this act. Therefore, it is not so much in parliamentary legislation as in orders in council that we can see the rolling and pitching of the federal ship in the storm through which we are struggling. According to the British parliamentary tradition which is still followed at Westminster, the government is a committee of the House of Commons. Here, the situation is reversed. It seems that

parliament, which is called only as a matter of form, is now merely, for the government a cumbersome constitutional institution.

Of the thirty thousand orders in council passed since the outset of the war, published in the *Canada Gazette* and piling up over six feet high—the height of a tall man—we will mention only a few, just enough to throw light on the capital and so much discussed issue of national selective service, in other words, of the conscription of labour.

When selective service, created by order in council in March, 1942, was announced in parliament, *it had already taken effect three days before.* Its purpose was to compel each person to contribute to the utmost to the war effort and, with this end in view, to maintain the balance required between the army on the one hand, and, on the other hand, the war industries as well as those which are essential for the upkeep of the army and the civilian population.

After the Mobilization Act of 1940 took effect, the conscripts were called to their military training by the registrar of the National War Service Commission, established under the jurisdiction of the Minister of National War Services, the first incumbent being, to our great surprise, the Minister of Agriculture. One can enlist only as a volunteer in the navy and the air force. That commission, which acted as a manning pool for the militia, was sending most of the conscripts to training camps. This was done with so little discrimination in Quebec that the members of the commission were successively replaced. They are responsible in a great measure for the shortage in man power which our region is now suffering in agriculture and forestry. Even before the adoption of selective service, we had to fight many battles for the recognition of its principle, and also to have agriculture, forestry and railroad industries considered as essential to the war effort.

It was under such circumstances that the Minister of Labour started with the adoption of order No. 5038, in June, 1942, enacting that it was essential to prescribe a greater use, by employers and employees, of public employment offices with a view to using our manpower most efficaciously in the war effort and reducing excessive shifting from one place to another.

Was the government feeling the ground? After a six-week test period, the conclusion was reached that a drastic change was necessary in the method of calling conscripts. It was then decided to withdraw this task from the Department of National War Services and to transfer it to selective service under the jurisdiction of the Minister of Labour. After providing for the establishment of secret priorities and for the stabilization of employment in the agricultural field, order No. 7595, dated August 28, 1942, prescribed a very simple procedure. In the case of employment in other fields, it was necessary to obtain permission from the selective service representative, with right of appeal, to the National War Service Commission. In other words, that commission was being turned into an appeal court, not against its own decisions, as was and still is the case, but against decisions rendered on first hearing by the local representative of selective service, in cases where the latter would have illegally refused, or unjustly revoked, an employment permit. The local representative of selective service would have been kept constantly posted as to requisitions coming, not only from militia headquarters, but also from the essential industries, and he would have been in a position to assign conscripts judiciously to the militia or industry, according to their aptitudes and experience, and taking into account requests on hand deemed reasonable, in order to maintain the necessary balance between militia and industry and preventing any shortage of essential manpower. That order in council, which was so sensible, was to take effect on September 1. It remained a dead letter, for the sole reason—or a sentimental order—that personnels of registrars' offices should not be reduced. This unbelievable explanation was publicly given in Quebec by an authorized person. Newspapers attest it.

So it was only to maintain, in spite of everything, some 300 employees, most of them useless—especially unmarried people without any military record and some very young girls—in the registrars' offices of Quebec and Montreal that the government did not dare apply the very principle of selective service, which is of urgent necessity, and that the calling of conscripts was not decentralized by being entrusted, as it should have been, to the numerous selective service offices. This is even less understandable as we hear nothing else but complaints about shortage of manpower in the large war industries of Quebec and Montreal.

* * *

We do not know what happened behind the scenes, but by order in council No. 8343, dated September, 1942—748 others had been adopted in such a short interval—the regulations of 1940 applying to national war services were revised for the third time. Those who are mobilized and who do not answer their call may now be taken by force to camp instead of to prison—not to an essential industry—by order of a magistrate or of a justice of the peace. The National War Service Commission kept its initial functions and its first designation and remained for ten days only under the jurisdiction of the Minister of National War Services.

On September 26, 1942, the administration of regulations covering national war services was transferred by order in council No. 8800 to the Minister of Labour. The Department of National War Services had, therefore, lost all reasons for its existence; it had been laid bare and vacated just a few days before the appointment of a new minister.

The fair distribution of our human capital between the militia and industry can be obtained only through a central organization having perfect freedom of action. Up to then, the national war service commissions had served only to fill the ranks of the militia. According to the provisions of the orders in council creating it, selective service was to insure not only the normal functioning, but also the gradual increase of industrial production. Mr. Little, its director, knew that very well. He keenly wanted the organization of which he was the head to serve industry as well as the militia. Hence the indignation of jingoes and the campaign of the press accusing him of posing as a dictator and of trying to encroach upon the authority of his minister. There is an explanation for everything.

About that time, I heard out of sheer coincidence of the arrival incognito in Canada of a so-called expert, one Alexander Gunn, an official of the British government, whose services were supposedly to have been requested by the Canadian government to carry out the transfer of what he, Gunn, believed to be non-essential industries, to what he, Gunn, believed to be essential industries. No newspaper had mentioned the

comings and goings—over the whole country—of this newcomer. I gave the scoop of this news to the Ottawa *Journal*.

Here is a résumé of this interview: "In Canada, as far as the government is concerned, the first qualification of an expert is not to be a Canadian. It is unbelievable that an outsider who does not know anything about Canada, about Canadians nor about their affairs, should be called to decide who, among our business men, will survive the storm. Is it impossible to find in Ottawa, Montreal, Toronto, Winnipeg and Vancouver, to mention only our greatest centres, Canadians who are, not only as qualified but much more so, to initiate and carry out to a successful completion such a difficult and delicate task? Why such obstination in shrouding in silence his doings and even his name?" Seeing the intention to sabotage his work, Little, the Canadian, left. Gunn, the non-Canadian, remained.

By order No. 10,924, dated December 1, 1942, the regulations of national war services were revised for the fourth time under the designation of "regulations governing mobilization of national selective service." The old national war service commission survived all those amendments. Its duties are exactly the same to-day, with the same personnel intact, but under another minister. It is called now "The commission of mobilization." In order to give a just idea of the part it plays at present, we have learned from the best source that "selectitve service conforms to requests made by the Department of National Defence and that the registrars act accordingly." What is the result of so much zeal?

The newspapers reported, on January 27 last, that at the end of December, 1942, Canada counted 732,000 men under arms, that is, 33 per cent of the male population of Canada between 19 and 45 years old. It was said that 150,000 men would have been needed between March 20, 1941, and December 26, 1942, but that conscription brought up only 107,677. In a period of 21 months, conscription was responsible for only 1/7 of the men under arms. After such a poor result, why let the jingoes and junkers make so much noise with impunity and disorganize our industrial life?

We clearly demonstrated that the task of selective service should not be restricted to satisfying the demands of militia headquarters. We have the soldiers. They must be well armed, well equipped, well clothed, well fed and well cared for. The subsistence of our civilian population must be also assured. Besides, we imposed upon ourselves the obligation to provide our allies with arms, munitions and food supplies. If we want to keep up our speed, it is elementary and essential that our manpower be well distributed.

* * *

It is high time for action. All the provincial ministers of agriculture view the future with alarm. Did not the minister for Ontario declare in London, on January 13, that we are not far from food shortage, and did not the minister for British Columbia, on the same day, go as far as proposing to the Minister of Labour, at Victoria, to organize, for the defence of our territory, an army composed of women, in order to leave farmers and their sons on their farms where they accomplish essential work for our war effort?

Since the situation is so serious, we persist in maintaining that the policy set forth by the government in order No. 7595, dated August 28, 1942, was imposed by the needs of the moment, that no reason whatever existed not to apply it, and that this policy is the only rational means to offset the shortage of manpower.

That is why we beg the government to abolish immediately all the commissions called "mobilization commissions" and to assign the calling and distribution of conscripts to selective service offices, not only in Quebec and Montreal, but in all regional centres of the country.

Now that the government has deemed it opportune to publish the total set for, and reached by military conscription, have we not the right to ask for the same information in respect to manpower needed by and available for war industries and other industries essential to the war effort, for example, in the agriculture, forestry and railroad industries, to name only three of that category? We shall see, then whether Mr. Little was right in asking that the calling of conscripts be decentralized and that the care and responsibility of directing them to the kind of activities in which they can be most useful to the country, be left to local representatives of selective service.

Then I received a tip that a man by the name of Gunn had been lent by the British government to come here as an expert to organize the classifications of labour. I gave that tip to the Ottawa *Journal*. It was a scoop, and I expected other newspapers to publish it. I did not care to have my name attached to the news, but I wanted it spread from ocean to ocean to show the kind of secret work which was being done to sabotage labour. This expert by the name of Gunn came from London. He was the son of a—

Mr. MITCHELL: I have no objection to what my hon. friend says about Mr. Gunn, but I just wish to say that he is not here. Mr. Gunn was an expert on unemployment insurance and selective service in the labour ministry of Great Britain. I asked Mr. Bevin if he would lend the services of Mr. Gunn. I wish to say that in that difficult period Mr. Gunn rendered magnificent service to this government and in my judgment to the people of Canada. I wish to say that before this discussion goes too far.

Mr. POULIOT: That is all right, but his coming was kept secret. The only papers which mentioned it were the Ottawa *Journal* and the *Globe and Mail*. The *Globe and Mail* said: "Pouliot off on wrong foot in criticism of Gunn's work." I am surprised that the minister speaks in the same vein as the *Globe and Mail*. What happened to Gunn was that his coming here and his work was secret. I saw him at the Chateau, but no one could find out anything about him. I telephoned here and there but I could not get anything. I gave an interview to the *Journal* so that the country could be informed, but it stopped there. The blanket was put over

the news so that nobody could find out. I hold the interview in my hand. I wonder whether it would interest the house if I put it on *Hansard,* because I have not time to read it. It is a short interview.

Mr. SPEAKER: Has the hon. gentleman leave of the house to put the interview on *Hansard*?

Mr. MITCHELL: If there is no reflection on Mr. Gunn.

Mr. SPEAKER: If the hon. gentleman has not unanimous consent it cannot go on *Hansard.*

Mr. POULIOT: Is there any objection?

Mr. FULTON: Yes.

Mr. POULIOT: Then I will read it. Is the objection maintained?

Mr. FULTON: No.

Mr. POULIOT: Thank you.

Mr. SPEAKER: Has the hon. gentleman unanimous consent?

Some hon. MEMBERS: Yes.

Mr. POULIOT: The interview is as follows:

Ottawa *Journal,* October 21, 1942:

Would limit big jobs here to Canadians
Pouliot objects seeking executives outside

An appeal to the government is being made this week by Jean François Pouliot, M.P., for Temiscouata, to appoint experienced Canadians to important administrative war posts, instead of seeking executives outside the country.

"Here in Canada," Mr. Pouliot told the *Journal* to-day, "the first qualification for an expert in the eyes of the dominion government is that he shall not be a Canadian. As long as a man is an outsider, whether he has accomplished anything in his own country or not, he is at once rated as an encyclopedia of general knowledge.

"A recent example of imported executives is the appointment of an Alexander Gunn, of London, England, who has been loaned by the British government to ours, to act as a special adviser to the director of national selective service.

"Mr. Gunn, I am informed, is here to supervise the transfer of what he finds non-essential Canadian industry to what he finds essential Canadian industry. I have nothing to say against Mr. Gunn—far from it.

"But it is incredible that an outsider without first-hand knowledge of Canada, Canadians and Canadian business, should be called in and asked to decide who amongst Canadians engaged in trade and commerce shall survive. Is it impossible to find in Ottawa, Montreal, Toronto, Winnipeg and Vancouver, Canadians who are not only as well, but much better qualified to undertake such a complicated and delicate task?"

Mr. Pouliot stated that anyone who has studied the question of essential industry is well aware of differences between Canadian and British industry. In Britain, he said, many industries which Canada might regard as non-essential to the war effort are retained in production to maintain foreign trade and obtain necessary funds through foreign trade. The contrary might very well be true.

He felt strongly that Canadian executives who had built up powerful war industries from the ground and accomplished great things were those best qualified to analyse essential and non-essential industries.

"This question of ruling on essential and non-essential industries is one of vital importance", Mr. Pouliot said. "I cannot see how anyone but a Canadian could possibly be qualified to handle it. The British system could well be used as a guide to refer to, but problems arising are Canadian problems and must be handled by Canadian methods.

"I have made inquiries about the matter, and I am puzzled as to why Mr. Gunn's name has been hidden from the press and the public.

"There is a vast difference between the Canadian and the United States governments in this respect. When the United States required a man to do the same type of selection, it appointed Mr. Justice James Byrnes, a self-made man thoroughly familiar with American business and American economic life, who resigned his seat on the United States Supreme Court to become stabilizer No. 1, and direct the greatest experiment in planned economy ever dreamed of in that country.

"I feel strongly that we in Canada should follow the example set by the United States in choice of an executive to reorient Canadian industry, and I implore our government to give this question their closest attention.

"I wish it to be understood that I am offering no criticism of our selective service officials in Canada. My dealings with Mr. Elliott Little, director, and Paul Goulet, associate-director, have always been most cordial and pleasant."

I shall tell you why I object so strongly to Gunn. It is because in the United States there was a revision of essential jobs by the wartime man-power commission. In Canada it was entirely different. There was no list of essential jobs. There was a numerous list of unessential occupations, and it was only with the approval of the minister that a man could be considered as fulfilling an important job.

When I come to it I must remind the house that General Tremblay, a gallant soldier who was one of the two or three inspectors general of the army in Canada during the war, became a minor clerk in the Department of Labour. He was lent by the Department of National Defence precisely to drag into the army as much as possible men who were engaged in essential occupations outside of the army. He was at selective service. I praised very highly Mr. Paul Goulet, the first time I mentioned him. With regard to selective service he is the right arm of the minister. He has done exceptionally well and deserves special praise. I admire General Tremblay personally, but one cannot approve his appointment as a minor clerk in the

Department of Labour, particularly when he was an inspector general in the army for quite a while.

Mr. PROBE: A brass hat.

Mr. POULIOT: He was not a brass hat there; he had no hat at all. He had a bare head. Soldiers suffered because of that. There were serious grievances and injustices to the soldiers, and wrongs which could have been redressed by the general if he had occupied his important office in the eastern command. He could not be found; he was under the wing of the Minister of Labour. I have special praise for the Minister of Labour because he was in favour of amnesty for farmers from the end of 1942 until the beginning of 1943. He was ready to grant amnesty to farmers and give them the opportunity to report without having any charge laid against them. The only man who objected to it was General LaFleche, because he thought it would be a handicap to him in being appointed to the cabinet afterwards. I know whereof I speak; I know my onions. I give credit to the Minister of Labour for what he intended to do in that connection. If that had been done there would have been no complaint in the country.

Another thing that I have done for the working classes is to prevent the imposition of conscription on women. I have a letter which I notice comes from the information services. It is dated 4/9/42. In this letter it states that Mrs. Rex Eaton, assistant director of selective service, is announcing a scheme of registration for women. It was for everybody. When we look at it we find that it states the inscription will permit the making of a complete inventory of all women who are ready to second men in the pursuit of war. It says that eventually all women will be inscribed in each category, but that they wish to proceed with care and method. If hon. members look at the *Votes and Proceedings* of March 18, 1946, they will find information about the inscription of women. There was only one inscription. All women of Canada were not registered. It was stopped because the policy was changed. Then I asked the following question:

On what date was it decided to discontinue such registration and for what reason?

The answer was as follows:

This was designed as a "spot" registration only. It was not planned on a current basis nor was any subsequent one or any in other age groups necessary.

Something occurred after the first registration. It was suspended for a time, and then the election in Charlevoix-Saguenay came along and my hon. friend the sitting member (Mr. Dorion) ran as an independent. There were three other candidates. Had any one of the three other candidates been elected we would have had conscription of women, and I considered it my duty at the time to support the sitting member so that we would not have the conscription of women in this country. It was precisely the election of that hon. gentleman that cut short the idea of the government to establish the conscription of women in this country.

Moreover, sir, I can talk to labour men in any part of this country, because I have always fought for respect for the dignity of men in overalls. Throughout the war I considered that those who were working in all trades and occupations in essential industries were not slackers, that they were deserving of credit and that they ought to be respected. Labour does not forget that. But there is something else also. I was complaining about the intelligentsia that adorns the Department of Labour, and even the outside intelligentsia to which the department often has recourse. At the time of the tramways strike in Montreal I asked the Minister of Labour for some information, on March 31, 1943. I asked what was the news. The men engaged by that company were communicating with members of parliament asking for their assistance in settling the strike; and on March 31, 1943, the hon. member for Davenport (Mr. MacNicol) was informed by the Minister of Labour that the strike was settled. On April 2, 1943, I read in the house a telegram I had received from Mr. Elphege Beaudoin, president of local 790 and president of the provincial federation of labour, asking us to offer our assistance to the strikers, and here in the house I asked the Minister of Labour if he would permit me to go to Montreal in a conciliatory mood to try and do something for those men. His answer was no, that Mr. Goldenberg was going there; and Mr. Goldenberg, who a few days before had settled the strike which was not settled, was sent there again and made a mess of it. It is always the same story. I see by the report that Mr. Brockington was named as conciliator. Mr. Brockington is a very fine man, but he is no better than any member of the committee who might have gone there to discuss the matter with the men. I have respect for my colleagues, and I prove it now. My contention is that the members of parliament should get rid of all the boards and all the intelligentsia and all the big brains, and should come together to settle the business of parliament and settle the business of this country without regard to party considerations. I appreciate the fact that all members of par-

liament do not put the political touch in their speeches, that even if they disagree, partisan political considerations are not to be found in what they have said.

Mr. DEPUTY SPEAKER: Order. I must inform the hon. member that his time has expired.

Mr. POULIOT: May I go on? I have just a little more to say, with the consent of the house.

Some hon. MEMBERS: Go on.

Mr. POULIOT: Thank you.

Some hon. MEMBERS: No.

Mr. DEPUTY SPEAKER: Has the hon. member the unanimous consent of the house to continue?

Some hon. MEMBERS: Yes.

Some hon. MEMBERS: No.

Mr. DEPUTY SPEAKER: Has the hon. member unanimous consent to continue for two minutes?

Some hon. MEMBERS: Yes, for two minutes.

Mr. POULIOT: I thank hon. members very warmly, and I thank you, Mr. Speaker; and I take this opportunity to express the affection I have for my colleagues. I am not perfect; nobody is, but I try to do my best, and they know that in my work here I am sincere. I shall remember their kindness of this moment together with the kind words which have been said to me by my colleagues from Broadview (Mr. Church) and Davenport (Mr. MacNicol).

To conclude, Mr. Speaker, with the background a member of parliament has in his fight to promote the interests of labour, there are things in this report with which I cannot agree, though naturally in the main I am for it because it is full of good will. However, I cannot agree to this reference to Mr. Brockington as mediator. I repeat that once it becomes necessary to designate a mediator, it seems to me there are enough members of the house who are competent and who are familiar with labour problems, who could meet those who have difficulties, so they may understand that parliament is the home of the people and that the spirit of parliament with regard to all individuals in this country is a fatherly spirit, a benevolent spirit; that the idea of parliament is not to exploit the credulity of the electorate at the time of an election. As soon as the election is over it is the duty of parliament to bring help to those throughout this country who are in distress, as far as that can be done.

With regard to the proposed provincial code, I believe the settlement of labour difficulties should not be passed over to the provinces. Even though the provinces have certain rights in regard to labour, the parliament of Canada should be supreme to assist workers in their endeavours to agree with their employers.

Finally there are the wartime prices and trade board and the regional and national war labour boards. We have a board here and a board there; they are the causes of difficulty. Mr. Gordon may be right, Mr. Gordon may be wrong, but he is not a member of parliament. My contention is that the decision should be made by the minister, over his signature. At the present time Mr. Gordon is under the Minister of Finance, and what he has decided affects the Department of Labour. All departments are entangled together; it is impossible to know with whom we have to deal. We go to this one, we go on to that one, we are sent from pillar to post, and all these men are irresponsible in the constitutional sense. We have difficulties with them; and if they are not erratic I cannot understand their ways of expressing their views and making their orders.

Mr. DEPUTY SPEAKER: Order. The hon. member's extended period of time has also expired.

Mr. M. J. COLDWELL (Rosetown-Biggar): So far, Mr. Speaker, I think this discussion has been confined almost entirely to members of the house who were members of the committee. Not having been a member of the committee, perhaps I might discuss the matter from the point of view of a member of parliament who tried as best he could to follow the proceedings without actual attendance in the committee.

When this report was brought down I turned to it to see if what the house intended on July 16 had been carried out. Hon. members will remember that on July 16 the steel strike had occurred, and there was general alarm in this house lest production should be interfered with and serious results follow, with the further result that the house decided virtually unanimously, though at the time I said I thought the decision came too late, that the industrial relations committee should meet and go into the matter of industrial unrest throughout the country, particularly the matter of the steel strike. That seems, from the reading of the record, to have been the intention of the committee when it met;

for I find that, following the resolution to appoint a temporary chairman in the absence of the chairman, the first motion made was by the hon. member for Vancouver East (Mr. MacInnis), and read as follows:

Resolved, that consideration of the steel strike be the first order of business.

Apparently that was carried. Then, looking at the proceedings for the first full day's sitting of the committee, we find at page 45, on July 19, that the hon. member who first made the suggestion in the house that the industrial relations committee should be called together, namely the hon. member for Calgary West (Mr. Smith), said this:

I am making this motion—

That was to call the various parties to the steel strike in.

—in order that we may get some speed in this task of ours towards the desired end of restoring that industry to production.

In reading this report I can find nowhere in it any direct reference to the dispute which occasioned the calling of the committee together, namely the steel strike.

In my opinion the report presented to the house by the committee represents a complete failure to do what the House of Commons hoped it might do. And because I think the committee failed so conclusively, apart from all other reasons, to do what the house expected it to do, I am going to oppose concurrence in the committee's report, in order to make my protest effective. After all, the only way in which one can make an effective protest in parliament, no matter if he may agree with some portions of a report, is, when the time comes, to register that protest by way of his vote in the house. I intend to register my vote because of the failure of the committee to do the thing the house really intended it to do. I wish to say as well that I am opposing the report because of certain obscurities in it.

In some portions of the report one can find implications of something which can be construed as being against the interests of organized labour. It is true that various interpretations may be placed upon the sections of the report. But during the discussion in the house we have had no real clarification of what those sections mean. Consequently I feel that on every score—the failure of the committee, the obscurity in its report and so on—the house is not justified in giving its approval. Of course I have no doubt that this kind of report—

Mr. MITCHELL: It was a unanimous report, with the exception of one section.

Mr. COLDWELL: It may have been the unanimous report of the committee; but no committee of the house, presenting its report to the house, can expect hon. members to accept it if they feel they are in disagreement with it, or if they feel the committee did not carry out what it was expected to carry out. And on those grounds I say I am going to oppose the report.

Mr. MITCHELL: It is a reflection upon the members of your own party who were on the committee.

Mr. COLDWELL: That makes no difference, at all. I am simply saying, as I have a right to say, that because this committee did not do what the house expected it to do, I am going to vote against the adoption of the report, in spite of anything the Minister of Labour (Mr. Mitchell) may say to the contrary.

Perhaps it is the kind of report some people might have wished for. It is a report which is so indeterminate that it means very little either to the house or to the country. Certainly it is not the kind of report we had expected; nor do I believe it is the kind the country expected, in view of the situation across Canada at the present time. I believe the country expected the committee to produce a responsible formula or a set of proposals which would make possible the resumption of urgently needed production—not two months or three months hence, but immediately.

In this respect the report shows no sense of urgency, nor the slightest willingness to grapple with the real problem at stake. It may be said in retrospect—and I think it is true—that the appointment of the committee may actually have delayed settlement, and may have been detrimental to the resumption of production; for what it actually did was to buoy up hope on both sides that there would be a settlement, and to shelve the actual negotiations for four weeks or so, during the time the committee held its sittings. If that is the result, then I say that at this critical time it is something which at least we should deplore.

I followed the proceedings of the committee as carefully as I could—perhaps not as carefully as I might have done, had the business of the house not been as heavy as it was. It is unfortunate that the business of the house has been so heavy for the past few weeks, and that hon. members have perhaps not been able to read all the transcripts of evidence sent to their desks. But the major point, it seems to me, which emerged from the committee was that the government and its agencies had

become responsible for the situation that had occurred. It is their arbitrary and obstinate insistence upon placing a ten-cent maximum on the amount that may be permitted in a wage increase which has brought this about.

To me, this is a most deplorable situation, and for this reason, that the struggle becomes not a struggle between a union and a corporation but one between a union and the government. That, in itself, is a bad thing for any country in which it occurs.

I read the evidence regarding the ten-cent limit, and I could find in the record no scientific justification whatsoever for that limit. The most striking part of Mr. Gordon's evidence, and that of the Minister of Labour himself, was that they could not give a single scientific reason why ten cents had been chosen as a limit, and not fifteen cents.

Mr. MITCHELL: What do you mean by "scientific"? Are you going to call in the scientists?

Mr. COLDWELL: No, I am not going to call in the scientists. But the minister has been in public life long enough to know that economics is called the dismal science. And the science of economics, I may tell the minister, is recognized as a science. When I speak of a scientific reason I mean a reason which would be valid in the science of economics.

Mr. MITCHELL: And you would substitute that for the common sense of a reasonable board?

Mr. COLDWELL: As a matter of fact I think everyone will agree that it is impossible to accept a limit of ten cents, or any other number of cents, that would apply to all industries fairly and justly. I will tell the minister what I think to be the only scientific way of arriving at a proper wage level. It is to take each industry, and sometimes each corporation separately, and to consider the relationship of wage costs to total costs—and, in addition to that, particularly in these days, the productivity per man. That has gone up considerably during the war, let us remember, on account of the improved machinery we now find in industry and, incidentally, particularly in the steel industry, where the furnaces which have been installed and paid for are more efficient than those used in Canada before the war.

Mr. HOMUTH: Would the hon. member pay a man according to his personal productivity?

Mr. COLDWELL: I would say that, taking an industry on the whole, the average productivity of the individual in that industry should bear some relationship to the amount he receives in wages; in addition to the productivity per man, the profits of the industry, the reserves which have been built up by the industry, the working capital and other financial factors, and the relation of the particular industry to the economy as a whole, the standard of living and wages of the workers concerned, and all the factors—not one, but all the factors—which go into the making of price on the market. I readily admit that all these factors will vary from industry to industry and sometimes from plant to plant in the same industry. Therefore the attempt of the government to set an arbitrary over-all figure of ten cents for the entire industry or the entire wage level of all industries is, I think, unscientific, quite wrong, and provocative of unrest in the ranks of labour.

In to-day's newspapers is a Canadian Press dispatch which indicates the position that another labour minister in Canada is taking. I have in my hand a press dispatch appearing in to-day's Montreal *Gazette*, which states:

> Labour Minister Pearson announced to-day the British Columbia regional war labour board will approve applications now under consideration for wage increases in excess of ten cents hourly and leave it up to the federal government to accept or reject the findings.
>
> Many such applications on file now have been made jointly by managements and unions and cover about 7,000 men in 75 firms.
>
> In a prepared statement, Mr. Pearson said his board is considering the wage boosts "despite the warning of federal labour department officials of the embarrassment that our action may cause the national boards."
>
> "The action we are taking is done believing that many, if not all of the requested increases, are justifiable in all the circumstances and also because we believe that the wage situation must be clarified if we are going to maintain maximum production," he said.

Following what Mr. Pearson has said, a little thought will, I think, prove to this house that the most serious interference with production which we can have is because of labour unrest and strikes, and that the most serious danger of inflation is not a five-cent increase for the workers in one industry, but an interference with production. Indeed, interference with production may inflict upon our country a greater measure of inflation than almost anything else can do. The danger of inflation at the moment is due to a shortage of supplies, not only of steel, building materials and so on, but of many other articles. The great need both to avoid inflation and to serve the people of this country is to produce more and more. People now have money in their hands, the accumulated

savings of the war; those savings represent a demand, and the only answer to the demand is to supply goods and services so that we have plenty, and thus to interfere with the rise and avert the danger of inflation.

Mr. MACKENZIE: Does my hon. friend not think control of prices is more important?

Mr. COLDWELL: I did not say that I did not think control of prices was important. I notice in this report, for example, that the cart is before the horse in one section of this report, and that is one of my objections to it. Recommendation No. 2 reads:

> Your committee is convinced that continued price control is only possible with a reasonable measure of wage control.

I would say this: "Your committee should be convinced that continued wage control is only possible with a reasonable measure of price control."

Mr. MACKENZIE: Both are right.

Mr. COLDWELL: Therefore I would agree with the Minister of Veterans Affairs.

Mr. MACKENZIE: Both are correct, though.

Mr. MITCHELL: They are both correct.

Mr. COLDWELL: I think the first puts the cart before the horse.

Mr. MACKENZIE: We want both the horse and the cart.

Mr. MITCHELL: What the hon. member wants is the chicken before the egg.

Mr. COLDWELL: Put the horse first. However, we will leave that for the moment. What I am saying is that an additional increase of five cents an hour in wages would be more than offset within a few months by increased production, and the real danger we face to-day is the interference with increased production.

This, it seems to me, is clear from the evidence before the committee; also it seems to me, from the evidence which I have been able to read, that it is something which escaped to a very large extent the government and its agencies. In fact, I noted that Mr. Millard proposed that the fifteen-cent increase for which his union has been ready to settle—and it has never been disputed that the steel union is ready to settle for a fifteen-cent increase—should be staggered over a period of some months, during which production would begin to rise and the danger of inflation would diminish. I say this to the minister; I believe that suggestion of Mr. Millard was reasonable and that it offered a statesmanlike solution of the problems before the committee and before the government.

Mr. MITCHELL: I would say this to the hon. member for Rosetown-Biggar: He is very close to Mr. Millard; why did he not suggest to him that he should do what the people have done in British Columbia; I mean, go through the legal or normal machinery?

Mr. COLDWELL: May I take that point up first of all? The minister says I am very close to Mr. Millard.

Mr. MITCHELL: So am I. I did not mean the remark in the sense in which my hon. friend seems to think I meant it.

Mr. COLDWELL: Believe it or not, I did not see Mr. Millard during the whole course of the committee meetings.

Mr. MACKENZIE: You were lucky.

Mr. COLDWELL: As a matter of fact there is a remark made by the Minister of Veterans Affairs which should be challenged. I spoke to members of the committee of all shades of opinion in this house after Mr. Millard had appeared, and I have never heard more complimentary remarks regarding a witness than I heard regarding Mr. Millard's appearance. I heard them, may I say in fairness to Mr. Millard, from hon. members to my right and hon. members on the opposite side of the house as well as from those who sit behind me.

Mr. MAYBANK: I should like to say "amen" to that. That is just my opinion with regard to Millard, since he has been maligned in some quarters.

Mr. COLDWELL: Thank you. That is precisely the opinion that was given to me.

With regard to the other matters, let the minister not forget this, that right in the middle of these negotiations one day very bluntly the Minister of Labour rose in this house and said he had been advised—not by his experts but by his advisers—that the amount which could be permitted of increase in wages was a limit of ten cents. I think the minister will remember that. And that, I may say, after having—

Mr. MITCHELL: Will the hon. member permit me to say what I said?

Mr. COLDWELL: I shall be glad if the minister will say what he said, because I do not think it will be very much different from what I have said.

Mr. MITCHELL: I said I had been advised, by those best able to know, that anything in addition to ten cents would endanger price control. I think that is the gist of it.

Mr. COLDWELL: I think that is quite right; that is what the hon. gentleman said; and I think my interpretation of it was not very far out. But this statement was made after the minister or the authorities had allowed increases of fifteen cents an hour to other unions. Right in the middle of the negotiations with this most important union, in this most important industry, suddenly the minister came down and said, "We are not going to allow you to get the wage increase that we allowed to other unions under threat of a strike".

Mr. MITCHELL: I did not say that.

Mr. COLDWELL: Well, that was the interpretation which was put upon it, and it is unfortunate, if the minister had something else in mind, that he did not interpret his own remarks so that other people could understand them.

Mr. MITCHELL: This is what I was endeavouring to do. There was a desperate situation, as there is in all strikes. If I remember rightly, the wage committee was meeting in Hamilton and Toronto. It is always touch and go in the case of a strike. It had been in my mind to put in a controller at that time. I was playing for time, I am frank to admit. In every case where I had put a controller in, the result had been to the satisfaction of both sides, and I thought it would be the same in the steel industry. But I missed the boat.

Mr. COLDWELL: It had been granted a few weeks before to powerful unions which were not inclined to be as patient as this union was. Then all at once we had this statement made to the house, and if it was misconstrued by the union I must say it was also misconstrued by the house, including myself.

Apart from the steel strike, we have some 50,000 workers on strike in Canada at the present time. That is a serious situation. But that is not all. According to the press, negotiations between the packing-house workers and their employers have broken down, and I heard on the early morning broadcast over CBO to-day—

Mr. MITCHELL: You never get good news from the C.B.C.

Mr. COLDWELL: It depends on what the minister calls good news. I call accurate news good news. The minister may like the news coloured a little.

Mr. MITCHELL: You always hear of that step in industrial negotiations. Only this morning I signed, at the request of the organization, a commission appointing Mr. Justice Richards to inquire into the packing-house workers' dispute.

Mr. COLDWELL: We hope that there will be no stoppage of work in the meat-packing industry because it is basic to the welfare of this country and, indeed, of the world, at the present time. But there are reports of the likelihood of other labour troubles; the railway unions, for example, and in every case it is the arbitrary limit of ten cents applicable to all industries that is causing a great deal of this unrest in industry at the present time.

Mr. MITCHELL: I would say this about the railway unions—

Mr. COLDWELL: I have no objection to the minister asking a question, but I think I should be allowed to conclude my speech without more interruptions.

Mr. MITCHELL: I am sorry.

Mr. COLDWELL: I think that the Minister of Labour, who seems so anxious to speak, should make a speech. He has proved his anxiety to say something and he owes it to this house and to the country to make a speech and explain the situation as he sees it.

Mr. MITCHELL: May I say this to my hon. friend—

Mr. COLDWELL: There you are doing it again, but I am going to sit down and let the minister say something.

Mr. MITCHELL: The hon. member threw out a challenge. It was reported in some of the newspapers at the beginning of this trouble that I had tendered my resignation.

Mr. COLDWELL: Who said that?

Mr. MITCHELL: One of the newspapers.

Mr. COLDWELL: I certainly did not.

Mr. MITCHELL: No. My hon. friend challenged me to make a speech. Let me say to him that he and I come from a race that does not run away from trouble. Make no mistake about that. We are made of the stuff they build empires out of.

Mr. COLDWELL: I am very glad to know that the minister admits he is in trouble and that he is not going to run away from it. Of course I knew he would not run away from it, but I did want him to rise and say what he thought of his troubles.

Mr. MACKENZIE: The best labour minister Canada ever had.

Mr. COLDWELL: I say that we are faced with a serious situation because tens of thousands of workers may soon be on strike in this country, and if that happens it will be outrageous. It will be due, in my opinion, to a lack of statesmanship on the part of this administration. It is contrary to the interests of the workers concerned, contrary to the interests of the people of Canada and certainly contrary to the interests of the people of the whole world if there are interruptions of work in these basic industries.

I want to ask the Minister of Labour a question, and perhaps he will answer it when he makes the speech that he is now going to make. He says we come from the same race, and I know that sometimes there is that little bit of pride which may interfere with one's doing things that ought to be done. Is it pride on the minister's part or on the part of his colleagues that prevents them from abandoning the untenable position which they now occupy, or is it because of another characteristic sometimes attributed to the race from which we come? Is it obstinacy? I think it is one or the other. If it is neither, then, more seriously, I ask, is this a deliberate attempt on the part of the government to weaken or break organized labour in Canada.

Mr. MITCHELL: I say no to that without equivocation.

Mr. COLDWELL: We know there are certain powerful interests in this country which dislike the progress that labour made during the war and were determined, when the war ended, that these new unions and even the older ones had to be broken if possible. If it is none of these things it does appear to the working people of this country that this is an attempt on the part of powerful interests which the government is at least condoning to break the labour unions during this critical period.

Before I close, I am going to make an appeal to the government that they remove Canada from the strait-jacket of ten cents in which she has been placed. There is no scientific justification for it. No one has advanced any scientific reason for it, and certainly there is no sense in it. It would appear that a fifteen-cent formula might bring the parties together and prevent any further strikes. Monopolies in Canada, most of our big corporations and certainly some of these steel corporations can afford to pay a fifteen-cent increase without being entitled to ask for a price increase in their product, and this group has recently received an increase of $5 a ton. They can afford some reduction in the huge profits they have made during the years, but on the other hand the small increase which the unions are asking is not to raise the standard of living of the workers but to maintain it at the level to which they have been able to bring it during the war and previously over a long period of struggle. If this is not admitted by the government we may face a period of increasing industrial strife and economic difficulties throughout the whole country, and if that should happen, I say to the Minister of Labour and his colleagues that, in my opinion, the responsibility will lie squarely on the shoulders of the government, which will stand condemned in the eyes of the people of Canada as being more concerned with safeguarding the interests of powerful monopolies and powerful corporations than they are with safeguarding the interests of the common people of the country. I appeal to the minister, therefore, to review again the last proposal made by the representatives of the steel workers' union, that the increase be permitted and spread over a period of months, that union security be guaranteed, and that, as we have often suggested, industrial councils be set up, in which labour, management and the community would be represented, so that we might avoid these struggles, which are more inflationary than any increases of pay that could possibly be considered.

BUSINESS OF THE HOUSE

Hon. IAN MACKENZIE (Minister of Veterans Affairs): I do not wish to intervene in the debate, but if I might have the unanimous consent of the house I would move that standing order 6, subsection 2, be suspended this day and the house continue to sit at six o'clock p.m. until seven o'clock p.m.

Motion agreed to.

INDUSTRIAL RELATIONS

CONSIDERATION OF SECOND REPORT OF STANDING COMMITTEE—MOTION FOR CONCURRENCE

The house resumed consideration of the motion of Mr. Lalonde for concurrence in the second report of the standing committee on industrial relations.

Mr. RODNEY ADAMSON (York West): I had intended to make a few remarks concerning the committee's report and particularly with regard to section 6 thereof. However, the hon. member for Rosetown-Biggar (Mr. Coldwell) has just made a statement, in which there are certain things I feel I should like to reply to very briefly. He suggests that wage costs should be tied to total costs of productivity, and he makes the suggestion, a very plausible one, that wages and profits should be related to each other.

On the broad humanitarian ground there is much reason to believe that that is a proper suggestion and one on which we can nearly all agree. But I would point out to the hon. gentleman the great difficulty in doing that in a scientific way. Let us assume that these steel corporations, or some of them, have made large profits and could pay fifteen cents. Let us assume that for this year. Remember, however, that during the war these corporations have been operating at 100 per cent capacity and operating for immediate destruction. In many cases extra plant was built which is unlikely to be capable of use in the post-war era because of the simple fact that now we are producing not for destruction but for construction, and the goods that we shall produce, particularly in steel, will not be immediately destroyed, but will last a very considerable time. Therefore the absorptive capacity of the market, while it is great now, may not and probably will not be as great in the years to come. We must remember that this is not a business cycle and it is not the fault of capitalism. It is merely a phenomenon that happens after all wars. You manufacture for destruction and the entire product you manufacture is destroyed within a few hours, so that you have to manufacture again. Tanks and everything else made out of steel, shells, guns, are produced for destruction and naturally you need a tremendous capacity. But once the war is over, you begin to produce such things as motor cars and other manufactures of steel, which we hope will last for years instead of merely for a matter of hours. That is one of the fundamental economic transitions we have to put up with after emerging from a period of war.

It is easy to say, and it is an interesting and sympathetic thing to say, that wages should be tied to profits. I agree with it, but in a period of transition I doubt whether there is any firm that can tell what will be their profits during the next few years.

I wish to say something more in this regard. In the automobile strike in the United States, the fact-finding committees that were set up by President Truman worked very well and assiduously for upwards of a year, and from the last report I have had they were unable to determine upon a formula which would tie wages to profits. This was one of the things the industrial relations committee discussed, and we discussed it quite seriously, both in open and in closed meetings. We found—and the evidence is there—that it was difficult or almost impossible to arrive at any formula which would, in the present transitional period, tie in wages to profits, no matter how desirable that was. I merely want to show the difficulty of arriving at these wage rates and differentials, and I would quote one paragraph from an article by Professor Lloyd G. Reynolds, who is director of the labour-management centre at Yale university. He has this to say on the subject as quoted in the American *Economic Review*:

> The individual firm is caught between the area and the industry. Conditions within the area, particularly the wage levels of other firms, determine the minimum which it must pay. The wage rates of other firms in the industry, *ceteris paribus*, will determine the maximum which it can afford to pay. If the latter figure is less than the former, the firm will in time be forced out of operation; but if it is greater the firm can be guided by the wage level either of the industry or the area. Developments in the industry may lead the firm to make wage changes independently of any developments in the local labour market. Indeed, for firms in competitive industries which are geographically dispersed, it appears that the industry is normally the dynamic influence in bringing about wage changes, while the influence of the local labour market is merely passive or permissive.

I put that on record to show how extremely complicated this business of tieing wages to profit really is. While we have every sympathy with doing that, it is something on which one cannot put a yardstick and easily evolve a formula. There is one thing with which I should like to agree and quite forcefully, namely, the remarks of the hon. member for Rosetown-Biggar, that at the present time inflation is caused more from the almost complete paralysis which is going on in the country, caused more by the lack of productivity than by anything else. To-day we are really in serious danger of inflation, not because of any wage scale or any differential, but for the simple reason that we are not producing. Something has been said about the pressure of money. Despite the fact that money is decreasing in the hands of the workers and that their security is decreasing, which is a tragic thing, the volume of money to-day is creating tremendous pressure on the whole price structure. The lack of production is becoming more serious every day that the strike continues.

I wish to say a few words about the recommendations in the committee's report. I should like to touch briefly on the labour code. It has been obvious for years that a labour code is necessary in Canada for two reasons. The first is the fact that our manufacturers are young and have expanded more quickly than the industries and the manufacturers of any other land in the world. Our tremendous increase in manufacturing potential has been the marvel of the rest of the world; but with this tremendously rapid increase there have

been certain growing pains. With old-established industries management was able to grow up with labour. In Canada we have had such a rapid increase that in many cases management has not had time or has not been able to understand the problems of labour. Over and over again that was brought out in the evidence of the committee. Management has been primarily interested in the production, selling and dispersal of the goods it produced. Consequently in many industries labour relations have been almost non-existent. We did not have time; we grew so rapidly. The same can be said of many unions. The industrial union in Canada has been a growth of the last few years. Consequently in many cases it did not have the seasoned counsel of unions elsewhere. With these two problems, one from the management point of view and the other from the union's point of view, it was inevitable that there would be a clash and we are having it now in one of the most critical periods of our history.

During the war I spent some time in the coal mines in Great Britain and I was privileged to sit in at a labour-management committee of one of these mines. I have never seen more genuine interest expressed by anybody than I saw in the problem of production at that mine. I came back and I saw conditions in one of our coal mines. Instead of cooperation, instead of ability to see each other's point of view, I saw nothing but bitterness and the petty meannesses that two sides in any dispute can wreak on each other. Therefore, when we talk of labour-management we have a great distance to go along that line. Unless we can arrive at some way in which labour and management can and will sit down together, we are sure to have continued trouble throughout Canada. Therefore, when the suggestion of a labour code is made by this committee—and it is their first recommendation—I look upon it as probably the most important single piece of projected legislation that this country has to create.

I wish to deal now with the machinery that is already in existence. We have seen a great number of strikes and industrial disputes, many of them caused and brought about unnecessarily, brought about because the two parties to the disputes were unable or unwilling to get together. There were innumerable meetings and conferences; hours and hours were spent by the two sides in endeavouring to come to some sort of compromise; in some cases months were spent. After you spend hours and hours and even months in talking, the human being becomes a little bit desperate. Many times action, and perhaps unwarranted action, has been taken because of the despair or I might even say the frustration felt by the two parties in their endeavour to get together. So that there must be, and the committee recommended, an acceleration and simplification of the processes of settling labour-management disputes. We cannot afford to take months and months for any plant to come to an agreement with its workers.

The next point I want to make is this. We have seen in this committee, and it has been admitted by the chairman of the wartime prices and trade board, that there has been virtually no liaison between his board and the war labour board. That is an intolerable position. The chairman of the price control board says it is his opinion that an increase in basic wages above a certain limit will put very strong pressure on the whole price structure of this country and that he will not be responsible for continuing price control if greater increases are permitted; yet his representatives have not been sitting in with the people who are trying to evolve a formula for the settlement of these difficulties, either on a single plant basis or on a multiple plant basis. In view of that situation I say to you, Mr. Speaker, and to the house that there is a very great lack in our whole wage and price structure, and in my opinion this has done a great deal to cause the tragedy of industrial strikes we see across Canada to-day.

I come now to a problem which is somewhat sinister. It was apparent that in 1944 there was an organized agreement between certain unions to make a concentrated drive. Those plans were furthered at the conference in Quebec, I think, in 1945; and the result is now apparent in the industrial paralysis we see about us. It would be easy, yet it would be wrong, to say this was organized by the communist party. To say that certainly would be untrue. But it would be equally untrue to say that the communist party has not had a hand in causing a great deal of the present unrest. I say that to-day Russia is like an African snake called the Ringhals Cobra. This peculiar snake has the power to spray and spit venom great distances, and wherever this venom lands it produces a festering sore. If it lands in your eye it blinds you. Well, Mr. Speaker, there are certainly places in Canada to-day where there are festering sores, and there are certainly places where parts of the population are blinded. That cannot be overlooked in any discussion of industrial unrest in Canada to-day. I want to quote just one sentence from a speech delivered quite recently by Mr. Churchill. He was speaking of England, but it is equally true of Canada. He said:

Even here in our patient community soviet propaganda has been steadily making headway backwards. I would have not believed it possible that in a single year the soviets would have been able to do themselves so much harm and to chill so many friendships in the English-speaking world.

I say that with a certain amount of sorrow, because I was the first member of this house to advocate the recognition of Soviet Russia by Canada.

I now come to discuss in a little detail section 6 of the report. I have been interested to notice where the objection to this section comes from. If I may say so, it comes from the extreme right and the extreme left. Basically this section was inserted in the report for the simple and democratic purpose of giving those who were going to be affected by a strike an opportunity to say whether or not they wanted to strike. It is as simple as that. We have a number of strikes in Canada, very serious strikes, too, by unions which have not been certified in the industry. We have plants which have been strike-bound literally for months, the strike being called by a union where no certification vote of any kind has been taken. I have evidence that at a number of these plants the strike action was not popular and was not wanted by the employees. Surely the men who are going to be affected by a strike should have an opportunity of saying whether or not they want to strike. Surely that is the basis of our whole democratic system. Surely that is the basis of everything that we have believed in connection with the rights of man. Surely, then, the individual must have the right to say whether or not he wishes to take strike action. And he must have that right safeguarded, not by an organization that is prejudiced one way or another, but by an unprejudiced organization such as the Department of Labour. I say that is one of the fundamental things in labour relations in Canada to-day.

I have information given me concerning the General Electric strike in Toronto. I have not verified this information, but it has been given to me by sources which I consider reliable. There were three strike votes taken at three different plants. One strike vote was taken in the union hall, and the vote was ninety-two per cent in favour of striking. The second strike vote was taken by union management, and the vote was eighty-six per cent to strike. In the third vote I understand the ballots were counted by the parish priest, or somebody else equally trusted by the employees, and the result was sixty per cent against taking strike action.

Those plants were all similarly situated, and were all doing more or less the same type of work. These figures which I have given clearly signify that in one plant, where an independent vote was taken, a considerable majority voted to maintain production, whereas in the other two plants under union auspices the votes were overwhelmingly to take strike action.

That, Mr. Speaker, is more than coincidence. I have letters and affidavits in great numbers from people in my riding who are employees of the Anaconda American Brass Company, stating that the decision to strike was certainly not a majority decision of the employees in that plant. The plant has been out since April and has caused untold harm not only to the men who have been forced to take strike action but to the entire building industry in Canada. It is the only brass plant in Canada producing certain types of tubing. Every house being built needs the product of that one company, and, as I say, it has been out since April. If that strike action was taken without a majority of the employees in the plant wanting to take that action, I say it is undemocratic, wholly wrong, and wholly against those principles which we try to live up to, and which we profess.

I would say one thing more concerning the vexed question of law and order, and in this I speak only for my own riding. That law was flagrantly broken is beyond any peradventure of doubt. Prosecutions have been taken, and convictions have been registered as a result of the breaking of not only the criminal code, the common law, but also the laws controlling picketing and the use of force. That cannot be tolerated by any government in Canada—and when I refer to any government I refer to any municipal, provincial or federal government.

We cannot allow the law to be broken, and say, "Well, it is *de facto*; why worry about *de jure*?" Let the thing continue like that, and we shall have business going from bad to worse. And, if I may say so, that is the policy publicly advocated by the communist party in Canada. I do not say the people who took this action were communists, but I do say that is the policy laid down publicly on platforms when members of the Labour Progressive or communist party speak in Canada.

I wish to reiterate once more why I believe that clause 6 may be the turning point against strikes which might be described as wild-cat strikes, even though in many instances the unions have been recognized. I am in entire agreement with the hon. member for Cape Breton South (Mr. Gillis) when he says that it is fundamental that before one takes action or before action is taken in his name as a member of a union and an employee of a plant, before action is taken

which will affect his entire economic life and security, he must have an opportunity to say whether or not he agrees with that action.

But I say I believe that the insertion of clause 6, imperfectly worded as it may be, may offer the individual employee the freedom to express his views and wishes secretly and fearlessly, and on his decision strike action will be taken. If the committee has done that, if we have brought that measure of freedom to the individual worker, it may be that this will have been the corner-stone of a labour charter for Canada, for which we all devoutly hope.

Mr. T. J. BENTLEY (Swift Current): Mr. Speaker, like the hon. member for Rosetown-Biggar (Mr. Coldwell), I am one who almost did not sit on the committee. However, I happened to be named as substitute for some one else, and so sat during the last seven committee meetings. Consequently I missed some of the most important witnesses, and had to depend for my information on the record as it appeared, which, of course, it is difficult to keep up with, like all the other business before this house after it is recorded.

Like the hon. member for Cape Breton South (Mr. Gillis) I am extremely disappointed with the results of the committee's work. At the time it was appointed I had great hopes that here, at least, parliament was going to take an active part in trying to bring about some order, peace and good government in labour relations. It did not happen, and the report is, in my opinion, in most respect a wishy-washy affair and, I am afraid, more wishy than washy.

Mr. MITCHELL: You are partly responsible for it.

Mr. BENTLEY: Right. I was there on the last seven days, as the minister has said, but I did not agree with very much that was going on.

Mr. MITCHELL: Why disown your own child?

Mr. BENTLEY: I did, on several occasions.

Section 1 is a pious hope for a future sinless industry. It will not do any harm. It proposes that we have a dominion-provincial conference. If that conference is like the last one we can hope for no results a year from now, the same as happened with the other one a year from the time it started. It is suggested that the wartime prices and trade board and the regional and national war labour boards start getting together. A splendid idea; it should have been followed when they were both set up. It will probably take a long time to integrate their ideas to the point where they will get together. No harm in it, but no immediate good.

It is also suggested "that matters coming before the regional and national war labour boards be handled expeditiously." Well, who does not want every important matter handled expeditiously? Nobody could vote against a sentiment of that kind, so obviously I supported it. There is no harm in it, but certainly no immediate good is likely to come from it.

In section 3 the committee recommends "that a measure of union security should follow certification." What measure? I was hoping when this debate started that the first thing which would happen would be a statement by the Minister of Labour giving the department's and the government's interpretation of these various things. So far the committee's report has not been interpreted in detail by any responsible member of the government, so I am wondering what, and how big, the measure is. If it is the same kind of measure I have in view I agree with it. It is ambiguous. If, however, it means what I have in view it means quite a lot. I would say that "a measure of union security" should be as large a measure as company security.

We come to section 4: "Law being the basis of our society, your committee condemns" so and so. Mr. Speaker, that is a platitude which has been reiterated, I suppose, as many times as there are people old enough to know what law and order mean.

Mr. MITCHELL: Would my hon. friend say that the observance of law and order is a platitude?

Mr. BENTLEY: I said, constantly reiterating that we believe in the observance of law is a platitude. We all believe in law. Everybody in a civilized country believes in law and order. Everybody who comes to this parliament, I assume, believes in law and order. Burglars and thieves and murderers believe in law and order if they are going to be subject to summary lynching by the gang who catches them and if law and order will give them some protection for the time being. Everybody believes in law and order; so that is not a helpful or concrete or very wise decision for a committee to hold over forty meetings to arrive at. However, I agree with it; there is no quarrel so far as that is concerned.

Section 5 is a recommendation "that the law of picketing be studied with a view to its modernization and clarification" and so on. I think there is no disagreement there at all; I believe that is a very proper recommendation. I suppose that practices grow up around

any organization as it is building, which require revision from time to time to bring them into conformity with our conceptions of law and order. Therefore I can support it.

As to section 7, I am not so sure what it means, but it says:

> Your committee recommends that the controllers appointed by order in council P.C. 2901 be instructed to implement the terms of such order with such modifications as the government may determine.

That in itself is one of the reasons I would have liked the minister to make a statement, to interpret some of these things.

Some people in reading P.C. 2901 may concentrate on paragraph 9. That paragraph states:

> It shall be the duty of every person in the employ of any of the said companies at or in any authorized establishments of the companies to perform the duties of his employment until the authority of the controller is revoked; and every person who fails to perform his duties as aforesaid as herein required without lawful excuse, the onus of proof of which is upon him, is guilty of an offence and liable upon summary conviction to a fine of $20 for each day or part of a day on which he fails so to perform his duties.

I am sure that some people in this country when they read that will wonder whether, without a statement from the minister, without an interpretation of section 7 of the committee's report, every striker in Stelco and in other plants, under controller Kilbourn, who is to-day on strike is to be subject to a fine of $20 a day or whatever other penalty may be involved in the section.

I come now to section 6, about which there has been so much debate and controversy. I do not know that I need deal with it for any length of time. I know that if it means what it says it does not mean what some hon. members here interpret it to mean, and if there is any statement in or section of this report which should have been clarified by a competent official of the government as soon as the report was tabled, this is the one. The minister was there when the controversy took place. Only three of us on the committee voted against that. Their names were mentioned the other day: the hon. member for Spadina (Mr. Croll), the hon. member for Vancouver East (Mr. MacInnis), and myself. I voted against it particularly on the grounds that it did not mean what those who were promoting it said it meant, and that it should have been clarified and put into the kind of words which would show exactly what it meant, if it does not mean what it said.

Mr. MITCHELL: Why did you not suggest the kind of words?

Mr. BENTLEY: I did suggest it and spoke about it, and the minister himself spoke to me in committee in camera in reply to my question and stated that he would make a statement on the floor of the house if I wanted him to.

Mr. MITCHELL: What is my hon. friend objecting to? He is just sticking up straw men and knocking them down for political purposes; that is all.

Mr. BENTLEY: The minister is perfectly entitled to be funny if he wants to be.

Mr. MITCHELL: My hon. friend, out of his vast experience of trade unions, is talking about something he does not know anything about.

Mr. NICHOLSON: Why don't you make a speech on your own account?

Mr. BENTLEY: The minister has been invited on several occasions to make his speech.

Mr. MITCHELL: I will make a speech.

Mr. BENTLEY: I am glad. When that time comes I will listen to him if he says anything worth while. So far as his great experience with labour unions is concerned, I have had as much experience with human beings as the minister has, and know as much about their actions; and I say about this recommendation that, if it means what it says, it means that the minister is to have the right to interfere with the organizational work and the policy work of the labour unions. I tell him that if anyone here proposed that kind of performance or tried to exercise the kind of power which is to be given to the minister, to govern the actions and policy of a farm organization, there would be a farmers' rebellion right away.

Mr. MITCHELL: My hon. friend is the most modest man that ever scuttled a ship.

Mr. BENTLEY: The minister of course thinks he is witty, and I will admit he is half right. I shall not embarrass him by another statement he made in camera, but I suggest that he avoid not only physical encounters with certain household equipment—

Mr. MITCHELL: Does my hon. friend think this is fair? We had meetings in camera where everybody spoke his mind, and I am frank to admit that there appears to be some difference between what some members say in the house and what was said in the committee. I have no objection to my hon. friend telling what I said in camera, but does he think it is playing the game? Why do we have sittings in camera? I think my hon. friend will realize when he has had more experience that it is not playing the game.

Mr. BENTLEY: A moment ago I was dealing with section 6 of the committee's report and the minister said: Why didn't I say these things in the committee, meaning in the camera sittings where the matter came up? To answer the minister I had to refer to what happened in camera. The minister said on the floor of the committee that he would make a statement in the house and he has not made it. Other members have referred in the house to what was said during the camera sittings of the committee; so why does the minister single me out as one who should not break that apparently very breakable rule when it does not embarrass anybody to have it done? However, I will leave the minister out unless he insists on interfering.

Let me read section 6 of the committee's recommendations:

> Your committee recommends that the Minister of Labour may, at the request of either party to an industrial dispute, and if he deems fit, either before or after a strike is in progress, direct that a strike vote be taken under government supervision, to determine the wishes of the men affected as to whether a strike will take place or otherwise.

If it is good to have that in there, and assuming that it means what it says or means what some have said it means, why not have another section reading: Your committee recommends that the Minister of Labour may, at the request of either party to an industrial dispute, and if he deems fit, either before or after a strike is in progress, direct that a vote of the shareholders of the company, without proxy, be taken to determine the wishes of the shareholders regarding the requests of the union for increases or improvement of working conditions.

One is just as fair as the other. I do not think one would be any more acceptable to labour than the other one will be. It would not be acceptable to the kind of organizations I know something about. But it would not be an illogical corollary to section 6 as it stands at the present time. I remember that when Mr. Hilton was on the stand he questioned the right of the union leaders to call a strike and demanded that the question be referred back to the workers. When the hon. member for Cape Breton South asked him if he would agree to have the company's position referred back to the shareholders Mr. Hilton was astounded and would not even consider that that was a reasonable proposition. He was engaged by the shareholders to do the job and his word was law. But when a couple of thousand workers engage a man like Charlie Millard to do their job, Mr. Hilton expects him, every time he runs into a place where he must use his own judgment and make his own decisions, to run back to the workers to find out if they support Charlie Millard or Mr. Hilton. Why it should be right in the one case and wrong in the other, I cannot understand. I see no difference between the two positions.

I now come to a section that I am possibly even more concerned about in some respects. I refer to section 2, to which my leader the hon. member for Rosetown-Biggar referred. I am going to refer to it in more detail. Section 2 reads:

> Your committee is convinced that continued price control is only possible with a reasonable measure of wage control.

There again is ambiguity, because "reasonable" can mean so much or so little to anybody. If you are arguing with your wife and appear to be getting the best of the argument, what happens? She says: Now, be reasonable. On the other hand, if she is getting the best of it, you say: Be reasonable. What is "reasonable" except somebody's point of view of what will suit them best? So that when you put into a recommendation a statement like that it does not carry a great deal of weight.

But section 2 as it stands carries more weight I think than the actual wording would suggest to the casual reader. I say that for this reason. To me, section 2 is a clear acceptance by the committee of the government's rigid determination that while wages for workers and prices for farm products must be controlled in the interests of price control, interference with the profit position, now or potentially, of companies is an interference that will not be tolerated. The Minister of Reconstruction and Supply (Mr. Howe), in addressing the house last night, spent a good deal of time in telling of the efforts of Mr. Donald Gordon to convince the committee that ten cents was the over-all limit. As has been said before, and I agree, Mr. Gordon offered no concrete factual evidence that ten cents was the correct figure. It may be nine and a half cents; it may be three cents; it may be thirty-three cents. But he simply said ten cents and made a long statement in support of it, supported by no facts whatsoever. The Minister of Reconstruction and Supply tried to tell us in his speech last night that Mr. Gordon probably did not prove his point; but nevertheless, because of the position he holds, his advice should be heeded. We have had too many cases in this country, Mr. Speaker, of ordinary everyday people who have been placed by fortuitous circumstances in positions of great responsibility before whom we were supposed to bow the knee with adulation for every single utterance they make. We

certainly have had a liberal education in the last four years designed to make us worship Donald Gordon and accept every single statement he makes. But it is a matter of opinion whether he is right. Mr. Donald Gordon's statements may be correct. I do not believe they are correct. I differ with Donald Gordon as to the increase and I will give my reasons. When price fixing first came into effect the idea of price control was to maintain the existing relationship between costs and prices and profits. It was the base from which he worked. This position was maintained pretty generally during the war, even though government subsidies were extensively used to maintain it. The maintenance of margins of profit, together with the vastly increased war business, netted great profit positions for many industries, and now they are loath to relinquish that wonderfully favourable and privileged position they occupy. I absolutely believe, from the statement placed before the committee, which is on record, and from my own experience, that the steel companies are quite able to pay the full amount of the union demands. It is indicated in the statements themselves.

I know there is controversy. I know people will say it cannot be done. They will pick little figures out of big books and prove this and that by them, because there is an old saying with regard to figures and people of certain classes, and we are none of us free from it. We like to prove our point. But I will draw on my experience in considering the reasons why I do not believe that Donald Gordon is right, no matter whether he believes it or not.

First, he based his position on the belief that you can maintain the spread of profit over and above all costs, including wages, that the industries are used to having, and more if they can get it, and they will be the sole judges as to how much profit must be made, having no responsibility whatsoever to the public in the operation of the business of making that profit. I am going to go into something I know as much about as anyone in this house, from which to draw my experience. I have spoken about these matters before for different reasons, and, therefore, when I mention cooperative associations I am not going to go back to a debate that we have closed. I am going to debate this question from the point of view of the experience of cooperative organizations I know about, and compare them with other industries of a similar nature which are not cooperative and which I also know something about, because I worked for them.

[Mr. Bentley.]

I am going to take, first, the matter of cooperative elevators, or pool elevators if you want that name. That is their actual name—Saskatchewan pool elevators. Twenty-four years ago, twenty-three years ago, and up until twenty-one years ago, you could not have a bushel of grain handled on the street in a country elevator for less than seven cents a bushel for commercial grades and six cents a bushel for contract grades. In that year, we, a bunch of farmers, got together and put our own money into the building of an elevator system. Why? Because we knew that seven cents and six cents was too high a handling charge and that the profits to the company were too great.

We had no factual information. No private company would give us their statement, but a few men like myself who had worked for some of these companies were able to give a general idea and to create the belief, which was a conviction, that profits were too great. So we took the only way we could to prove it. We built a system of our own, and to-day we have reduced handling charges in years of big volume to as low as one cent a bushel, and for the last four years, for not more than three cents a bushel on the street, in the car, rolling, or any way you like to have it, right down to spot position at the head of the lakes.

I am not saying that in order to show how brilliant we were, because we knew we were only ordinary mortal human beings, and if we were able to engage management to operate our elevator system and clear us of all costs of operation at those reduced handling charges, then other men in the grain trade could do the same. It has been proven that these other companies, because of the competition we afforded, have had to reduce their handling charges to the same figure as our own; and they are still in business.

Does the house expect me to want any greater proof that companies can do their business at less profit, or, on the other hand, can pay more of their earnings in wages, without affecting the price of the goods or the services created by those industries? As a matter of fact, while reducing those handling charges we improved the actual service given in the country elevator. When we were paying the high handling charges we also lost all dockage that was in our grain, because the company who bought our grain owned it and frequently there is a good market for the dockage in wheat or in any other commercial grains when they go to the terminals and are cleaned, because many times there is good wild oats, buckwheat seed and other foreign

matter which is good for feed or feed mixtures, and whoever sells that, when there is a market for it, makes good money.

So that not only did we reduce these handling charges but we paid back to ourselves the value of the dockage in the grain after cleaning it out, with the result that the farmer who happened to have more dockage, in consequence of a bad year for weeds, received some recompense for the dockage in his grain. Other companies have to do the same thing when there is anything in it, and they are still in business.

At one time the spread between what is called straight grade grain and damp grain was as high as thirty cents a bushel, nearly always as high as twenty cents, and in those days if a farmer shipped a carload of No. 1 northern wheat which graded damp and went through the dryer at the head of the lakes, it came out of the dryer automatically numbered 3, two grades down, because the private companies would not spend money on research or put in a proper drying equipment so that the grain could be dried without bringing about that chemical process which caused it to lose its grade. When we went into business we put in proper dryers. To-day the spread between straight and damp is seven cents a bushel, and other companies are in business. You can put No. 1 northern damp grain in a dryer, and it will come out No. 1 northern and cost only seven cents a bushel because of drying it. The companies are in business now, and therefore they could have done this before and made profits.

I have tried to prove in that statement, not what we are doing in the west to reduce the cost of handling grain, but that companies can do with less profit and should do with less profit, and their income should be spread out more in one or both of two directions, or a combination of them; that is to say, higher wages to the people working for them or a lower price to the people who buy their commodity, or a position half way between these two, but not in more profit to the organization that does the job.

I can give another example. It is not so long ago—far less time than the grain business I have been talking about—back in 1933 and 1934 when we were establishing our cooperative refinery in Regina, that we were told by competent and highly placed officials in the major private oil companies that it cost up to 8½ cents a gallon to manufacture a gallon of gasoline out of crude oil. We did not believe it. We could not prove it but we had the conviction that it was not true. So we set up our own refinery and have cut in two the cost of manufacturing gasoline, and other companies have done the same and are still in business.

If they could not afford to do this, how are they still in business when they have to do it? Of course they can; and Stelco, Dosco, Algoma, Westinghouse and the rest of them, I fully and earnestly believe, can do the same. I am inclined to believe, as was suggested this afternoon, that on the part of somebody in the scheme of things there is a stubborn determination that bossdom is going to maintain its role, no matter who gets hurt, the public or the country. I am afraid that Donald Gordon, wittingly or otherwise and possibly this government unwittingly, or both together, are helping to maintain that uneconomic and unfair position. The returns for industrial production are to be set by the owners of industry; the workers will get what the boss wants to pay them; the consumers will pay what the boss wants to charge them, and the remainder will be profit for the companies. Again that is important to our people in the west.

In this debate we have not heard very much from the west, and that is why I had the temerity to take part in it. We are getting squeezed in this process. We have gone through the war years doing our little patriotic best with worn-out machinery to produce whatever was required in the largest volume possible. We have bought victory bonds to the best of our ability. I started with the first victory loan campaign and finished up with the ninth. I have a beautifully engraved and decorated memento from Mr. Magee, chairman of the provincial war finance committee, showing my part in the campaigns. It was not greater than anybody else's. I am giving it only to show that we have done our little bit; it was not great; it was not outstanding; it was just our little best. We were always ready to obey Donald Gordon and the Minister of Munitions and Supply (Mr. Howe); to obey the request of the government to do everything we could to help our position in war production; to play our part in the hope that, when the war was over, we would get some relief in the form of machinery which we required and the other things that were needed, along with price adjustments for our products. Over a year after the end of the war we are still waiting. I am continually getting letters from men out in my section of the country. This morning I received one from a man with 800 acres of wheat. He lost his crop last year. He has no combine to harvest his crop this year and will lose it if we happen to run into bad weather. That is an indication of the hard-

ships through which these people are going and which they hoped they would not have to experience at this time, particularly when the war is over.

If the government continues to pursue its policy of maintaining the private system, the private position of Stelco at Hamilton and others, regardless of whether the workers are being properly treated or not, and if production is to be curtailed in a basic industry we of the west will face another year and possibly two, when we shall not have the proper machines to prepare our land, put in our crop for the coming year and take off the crop in the fall, if we are fortunate enough to get one, a crop which hon. members and everyone else in the country together with peoples all over the world need so badly. It is important to us; but do not think for one moment, if hon. members should have that idea, that you are ever going to sell the farmers of the west the old idea, which used to prevail that labour is all to blame. Some hon. members said that the press always puts the blame on labour. I agree with that. Since I have been in the House of Commons and the disputes started, I have not yet read a headline in one of the Ottawa papers or in one of those so-called capitalist or private enterprise papers which ever gave a fair break to labour in a dispute. No; we do not find them giving the labour side of the picture. No matter how they try in radio talks or in speeches made in the house, they are not going to make the farmers of the west believe that their enemies are labouring people. The farmer knows who made a profit when he was getting low prices for his products. He knows who makes the profit when he buys his binder, his combine or his plough. Compared with the profit to the one who sells it, it is a good many to one. It is the worker who makes the plough, the reaper and the other farm machinery, and who has the family who is buying the farmer's butter, eggs and oatmeal. We believe that the farmer's market is much more important than profits to a few industrial owners who can only eat so much, wear so much wool and live in so many houses at a time. The farmer wants labour to get a fair share of the national income at the present time.

If the recommendations which came out of this committee, and if what appears to be the government programme, is to be the continuing programme of the government, then I am afraid—no, I am not afraid, I am sure there will be tremendous repercussions not only around the plant where the difficulty is taking place but all across the country, because the farmers believe the workers, the producers and the consumers should have a prior claim over the productive power of industry in Canada before anyone is paid a profit over and above what is commensurate with the responsibilities of the job he has to do.

I would make this suggestion, and I shall be chastized for this, Mr. Speaker, so, as other people sometimes do, I shall admit my error before I say it. I should have thought of this in the committee but I did not think fast enough. On one occasion the Acting Minister of Finance (Mr. Abbott) told me that I did not have a legal training. I frankly admit that. I do not know whether I am sorry for it or not. I have had some other kinds of training which have stood me in good stead in times of trouble. I have depended largely on fast footwork and other things to get me out of trouble, and have not had to learn much about legal matters. Had I had a legal training, I might have suggested this, but other members of the committee have legal training and either they did not think along the same lines as I did or they forgot it. Had I thought of it, I would have made this recommendation. Section 2 of the report reads as follows:

> Your committee is convinced that continued price control is only possible with a reasonable measure of wage control.

What is a reasonable measure of wage control? It really does not mean anything to a legal man or anyone else. It means "reasonable" to the people who are using the phrase at the time. I say the section should read in this way, and had I thought of it, I would have so recommended. I am sorry I did not think of it in the committee. The section should be reworded to read this way:

> Your committee is convinced that continued wage control is only possible with positive price control.

We have not had positive price control in Canada. I remember quite well—

Mr. SPEAKER: I am sorry to interrupt the hon. member but he has spoken for forty minutes. The hon. member for Kootenay West.

Some hon. MEMBERS: Finish your remarks.

Mr. BENTLEY: Have I the consent of the house to continue?

Some hon. MEMBERS: Continue.

Mr. SPEAKER: Unless the hon. member has the unanimous consent of the house he may not continue. Has the hon. member unanimous consent?

An hon. MEMBER: Yes.

An hon. MEMBER: No.

Mr. SPEAKER: The hon. member has not unanimous consent.

Mr. H. W. HERRIDGE (Kootenay West): I have listened with a great deal of interest to the debate this afternoon. Many things have been said with which I can agree. Some things have been said which I had intended to say, but I shall not take up the time of the house to repeat what has already been mentioned in the debate. I think I can safely say that the country as a whole, and labour, will be disappointed with this report. The country as a whole was expecting that the report would deal with some definite solution, particularly of the steel strike. I am sure that labour in the country will be dissatisfied with the ambiguous language and general terms of the report. In that connection I wish to read a section of the statement of the wage coordinating committee of the Canadian Congress of Labour on this matter. Referring to the report of the committee on industrial relations, the Canadian Congress of Labour wage committee said:

> Not only has the house committee failed to do anything to settle current strikes but it has for a period of four weeks created the illusion and the impression in the minds of the public, management and workers that the members of the house committee were going to settle the strikes.

I think that is a correct statement, Mr. Speaker, and I believe you will find it to be the general attitude of labour throughout the country.

Before proceeding very briefly to deal with some sections of this report, I wish to say that some hon. members have expressed the opinion that strikes in Canada are largely due to communist activity. Several hon. members of the Progressive Conservative party have made that statement. I believe these hon. gentlemen completely misunderstand the fundamental reasons for the discontent which exists among the great masses of the Canadian people. In the first place, I would say the reason for this discontent is that we have fought a bitter and difficult war, during which the people were told they should look forward to a period of peace which would inaugurate a new social order. The people of this country are expecting that new social order. Then I would say the second reason for the mass discontent which exists to-day is the desire for economic security, the desire to maintain and improve the standard of living. When hon. members blame communist activity for the discontent that is in the country I think they entirely misjudge the situation. I am a farmer. It may seem strange that two farmers in succession should speak on a labour question. I have had experience with labour organizations only during the last five or six years, but in my experience I have found that the great mass of the people are reasonable, willing to compromise, ready in many cases to accept less than they should. But I am quite sure that at the present time there are large numbers of Canadian workers who are thoroughly dissatisfied and who have solid reasons for being dissatisfied.

Before dealing with one or two sections of the report, I wish to say that I was disappointed because the report did not contain some concrete recommendation in regard to settling this steel strike. In this respect I agree with the hon. member for Cape Breton South (Mr. Gillis), the hon. member for Rosetown-Biggar (Mr. Coldwell) and others who have spoken to the effect that the committee should have recommended the last proposals of the steel workers, which I think were very fair and realistic proposals, which were advanced with full knowledge of the situation, and which were modifications of the original proposals. I believe the committee should have recommended those proposals first to the controller, then to Mr. Brockington as the person who was to negotiate between the employers and the union, and, if that failed, I believe the committee should have recommended those proposals in its report to this house.

I am not going to go through the report, but I do want to deal with one or two sections. First, I should like to refer to section 3, which reads:

> Your committee recommends that a measure of union security should follow certification.

I think that is an unsatisfactory and ambiguous statement. As a matter of fact it means little. I think—and in this respect I agree with the hon. member for Spadina (Mr. Croll)—that following the experience of the last few months with the Rand formula as it is operating in the Ford plant, the committee would have been well advised to recommend the Rand formula in this report. If only that concrete proposal had been contained in the report this committee would have recommended to parliament something worth while.

The other section with which I wish to deal briefly is section 6, which reads:

> Your committee recommends that the Minister of Labour may, at the request of either party to an industrial dispute, and if he deems fit, either before or after a strike is in progress, direct that a strike vote be taken under government supervision, to determine the wishes of the men affected as to whether a strike will take place or otherwise.

I want to express my hearty disapproval of that section. On casual reading it does not sound very serious or dangerous, but it con-

tains great implications, particularly in the way it could be administered. Some years ago, when the nazi party came into power in Germany, I remember reading the nazi labour code. Unfortunately I do not have a copy with me at the present time, or in my office, but that labour code contained a clause almost identical with section 6 of the report of the committee. I believe we must have a national labour code; I think that is one of the things that will come out of this report; at least that is generally expected by members of parliament. In that code, along with many other things, will have to be stated the methods for taking of a strike vote in any plant or any industry outside of that, the taking of a vote and the carrying out of the law as it may be expressed in a future national labour code must be the responsibility of the unions if we believe in democracy.

In conclusion, Mr. Speaker, I should like to read what the wage committee of the Canadian Congress of Labour has to say with regard to section 6, and I am sure this will be the opinion of organized labour throughout Canada:

> In mention of section 6 of the house committee's report—which proposed a government-supervised strike vote at the request of the employer or union—the wage committee called this "a direct attempt to smash the trade unions by taking away the rights of such unions and placing them in the hands of the employers, while hiding behind the skirts of the government, at the same time being a complete violation of order in council P.C. 1003 (the wartime labour code)."

I heartily agree with that statement, and I think the organized labour movement is very wise in taking immediate and strong objection to section 6 of the report.

We have had this report brought into the house and debated, Mr. Speaker, and later on I presume it will be concurred in. While as I say, I am somewhat disappointed in the report, as I know the country as a whole and the organized labour movement will be disappointed, I trust that when this debate is concluded this discussion will have had such an effect that when the next session of parliament convenes, all members of this house will be willing to work together to give effect to a genuine national labour code in this country.

Mr. NORMAN J. M. LOCKHART (Lincoln): Mr. Speaker, I have been very much impressed by the conflict of opinion as expressed by hon. members in different parts of the house. The functions of the committee on industrial relations have been discussed in many different ways. The hon. member for Vancouver East (Mr. MacInnis) has said the committee did not function in any way to good advantage. I have to disagree with the hon. member on that point. His leader, the hon. member for Rosetown-Biggar (Mr. Coldwell) went a step farther and stated that he was opposed to the adoption of the committee's report. Well, I have to take issue with the hon. gentleman in that respect also. Having observed the sincerity of the committee in all its deliberations; knowing the opportunities it had to consider the pros and cons, more particularly of the present dispute in connection with steel, I fail to understand how the hon. member can see no good whatever in the report and can go to the extent of opposing it.

I wish to say a word of commendation to the hon. member for Cape Breton South (Mr. Gillis) for the carefully thought-out speech he made to-day, and the capable manner in which he presented his views. With nearly everything he said I find myself in agreement. The hon. member has won my admiration as a true representative of labour.

Perhaps the most outstanding of all was the review by the hon. member for Calgary West (Mr. Smith). I feel sure that the reception his speech received was an indication that he had convinced the house as to the sincerity of the committee, and the honest effort they made to reach an agreement as nearly unanimous as could be reached on such contentious matters. I have heard much comment from those in the ranks of labour which would indicate that the hon. member for Calgary West has his finger on the pulse of things, in the interests of labour, and the process of attempting to coordinate management and labour. I shall attempt to avoid repetition, and shall content myself by saying "hear, hear." to those portions of the remarks already made in which I concur, and more particularly those of the hon. members for Cape Breton South and Calgary West.

In my opinion there were ample witnesses called, appearing willingly before the committee, to present the opposing views of those engaged in the controversy in the steel industry. The witnesses were fair in their evidence, and gave much valuable information. It is not my custom to compliment those who are selected as chairmen of committees, because usually they are chosen because of their outstanding ability. The present instance was no exception. Our chairman was fair to everyone and attempted always and in every instance to give unbiased decisions.

Notwithstanding the fact that a few may disagree with the committee's finding, I am convinced that the public across Canada will have a much clearer understanding of the

issues at present before the country than they would have had if the committee on industrial relations had not been appointed.

In the main the press has fully reported the proceedings of the committee, for which the public undoubtedly are grateful. I would not say that some of the editorial comment has been flattering; indeed, some of it has, in my view, had a slightly damaging effect. On the whole, however, I believe that from the press reports the public are better informed, as a result of the hearing which has been held.

As a member of the committee I am definitely of the opinion that the government has exposed itself to severe criticism because of the lack of coordination between labour boards and the wartime prices and trade board. It has failed to bring together those interests mostly concerned with the settlement of disputes, such as that with which we are now confronted. Obviously the Minister of Labour (Mr. Mitchell) is bound to inherit much of that criticism, and perhaps rightly so, because he was supposed to be coordinating those various groups. I should hope that later on he would tell us the reasons for his actions in many instances.

Mr. MITCHELL: I do not understand what my hon. friend means.

Mr. LOCKHART: I shall make myself clearer in a moment, and shall explain more fully what I have in mind. It may be said in fairness that the minister has certainly a tough assignment on his hands. I have known him a long time and I am convinced of his sincerity. But through him the government has reaped and is reaping severe criticism. The statement is often made on the street that the whole situation has got out of hand. Perhaps we may better judge the truth of that statement after the minister has reviewed what he has attempted to do; perhaps he can vindicate his position. I shall be interested to hear what he has to say in that connection.

I do not intend to deal with the several sections of the report, because that would be repetitious. It has been referred to by other hon. members who have spoken. Not only because I sat on the committee, but because of my contacts for a long time, I am convinced that the formation of labour groups, with collective bargaining, is the right of labour, so long as they do not attempt to take the law into their own hands. I believe that is conceded.

It is also apparent to all that price and wage coordination is a necessity. This is recognized by most people who are interested in the present difficulties. I believe, too, it is an established fact that practically all labour groups attempt to be fair in their demands. At least that has been my experience respecting those with which I have come in contact. I think that was borne out largely in the deliberations of the industrial relations committee. Likewise I must say from experience that I believe it is becoming more generally conceded week after week that most employers have the interests of their employees at heart and are learning to get closer to them. That is gratifying to me. I believe many others hold the same opinion. There are those of extreme views on both sides who may not agree with what I have said, but by and large that will be found to be the general opinion.

If the industrial relations committee has done nothing else it has focused attention on the methods which have been employed recently, largely by certain individuals, to stifle production. That may be a strong statement but I fear it is true. An early meeting of federal and provincial labour heads is urgently needed. The minister has indicated to the committee that he proposes at an early day to try to bring that into effect.

I am convinced that a national labour code in Canada is essential. If there be objections to it, I think it is about time that those objections should be aired, and let us find out what they are, and if there is some remedy which can be applied. The public must be informed on this issue also, so that we may try to coordinate the interests of labour and management across this country in an endeavour to find a pattern to avoid disputes of this kind.

I now turn more particularly to the present situation at Hamilton. I am in agreement with the hon. member for Rosetown-Biggar that there is a situation obtaining there which must be rectified. Either the controller is being what is commonly called "hamstrung" by somebody to whom he is answerable, or he is certainly not rising to the occasion and meeting his responsibilities. As the hon. member has said, if that is the case, and no satisfactory explanation is forthcoming, it is about time that a change was made there. The minister should make the position in that respect very clear. Perhaps this is one of the reasons why certain labour heads, in appearing before the committee, impressed upon us that they have a lost faith in the present government and the policies it has followed, more particularly in recent months.

Much has been said about the secret ballot. I have taken the trouble to discuss this with, not one or two, but dozens of men whom I consider to be the most sane and capable

members of unions, men who have worked for industrial institutions as long as twenty years and more. I have gained much knowledge from those men; they have often discussed this matter with me. Let me say here to some of the labour heads that there is much criticism among their own ranks of the way the so-called secret ballot is conducted. Some of the best union men go so far as to charge that there has been manipulation in many cases when a strike vote is called or about to be called. That is an important point, and it has a considerable bearing on the conclusions which I have reached in the present issue. I suggest that, if labour heads desire to retain public confidence, coercion of their members will never promote their cause.

Much has been said about the influence of communism in certain labour groups. Let me say to all right-thinking members of any labour union or any other group that the type of individual whom they entrust with their leadership will in large measure gain or destroy public confidence. Of that I am convinced. If public confidence is once destroyed the cause of labour can never regain proper recognition. There is an old adage that anyone can lead a horse to water but nobody can make him drink. That adage applies in the present situation to both management and labour.

Mr. MACKENZIE: Would my hon. friend permit me, with great regret, to interrupt him? Is he going to finish before five minutes to seven, or would he like to adjourn the debate, because there is some other business which is important.

Mr. LOCKHART: I can hardly finish in that time.

As I said, the influence of communism is being felt in many places. Where there is attempted coercion there is an apparent danger; to try to force either management or labour to do something which they feel they cannot do is merely provocative. I was deeply impressed by some of the remarks of the labour heads who appeared before the committee. In most of their presentations I found a great deal with which I could agree. I want, however, to refer particularly to a few things that I find I cannot agree with and with respect to which I still await answers to questions which I asked in committee. I am still at a loss to understand why there is so much insistence that the three steel plants now on strike must be considered as one unit. I am unable to find any explanation of that. I think the Minister of Reconstruction and Supply (Mr. Howe) covered the point and I shall not repeat what he said in that connection, but I am largely in agreement with what he said on that subject. I am still convinced that much confusion and, I think, some damage have been caused by the insistence of labour that the three steel companies be considered as one unit because the interests of these companies are so diversified, their sources of raw material are so different and their costs of operation vary widely. I think those charged with the responsibility of calling the strike should reconsider that point.

I am also at a loss to understand why so many labour groups contend that every time there is a rise of one or two points in the cost of living there must be a corresponding increase in wages. It is my opinion—and I think this is borne out by what many others have said—that production will be the controlling factor or at least have very much to do with the cost of living in this country. I am optimistic enough to believe that if our production can be brought to the highest possible peak our worries about the cost of living will not be so apparent. So I ask the labour groups why it is that they are so insistent upon wage increases when, if production is only allowed to reach its peak in Canada, it will have a great deal to do with the cost of living in this country. If labour gets a five-cent increase every time there is a five-point rise in the cost of living, will labour be ready to take a corresponding decrease in wages in a business recession?

Talk to the man on the street, men earning their living in many different vocations, and you will find that they are puzzled over the insistence of labour on this point-for-point increase, an increase in wages always to accompany an increase in the cost of living, because the clerk in a store and the average wage-earner receives no such consideration. I think there should be a little more give and take amongst labour in that respect. I pointed that out in the committee and I still believe I am right.

I am also at a loss to understand why the 40-hour week was ever injected into this dispute at this time. In my opinion that demand was ill conceived. It was only last January that an attempt was made by law in the province of Ontario to regulate the hours of labour and bring about more uniformity by adopting the 48-hour week. But the ink was hardly dry on that law before certain labour groups across this country were demanding a 40-hour week. That is not reasonable. We must try out these changes. I say to labour groups that I think their demand for the 40-hour week was ill conceived. I may be wrong and I am open to be convinced, but that is my opinion.

Let me say to employers that they must observe the 48-hour week which is now the law in Ontario. They must give it a trial so that labour may get the benefit of it.

On motion of Mr. Lockhart, the debate was adjourned.

RADIO BROADCASTING ACT

CORPORATION TO RECEIVE LICENCE FEES—ADVANCES ON ACCOUNT OF CAPITAL EXPENDITURES

Hon. IAN A. MACKENZIE (for the Minister of National Revenue) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to amend the Canadian Broadcasting Act, 1936, to provide (a) that the chairman shall be eligible to become a contributor and entitled to benefits under any established pension fund of the corporation; (b) for the tenure of office and reappointment of the general manager; (c) for deposit to the credit of the corporation all fees received from private receiving licences and private station broadcasting licences, without deduction of costs of collection and administration, and (d) authority to advance to the corporation sums up to two million dollars during the present fiscal year and such sums in subsequent years as may be authorized by parliament from time to time on account of capital expenditures.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Resolution reported, read the second time and concurred in. Mr. Mackenzie thereupon moved for leave to introduce bill No. 391, to amend the Canadian Broadcasting Act, 1936.

Motion agreed to and bill read the first time.

On motion of Mr. Mackenzie the house adjourned at seven p.m.

Thursday, August 22, 1946

The house met at eleven o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PUBLIC WORKS STATIONARY ENGINEERS AND FIREMEN—WAGES AND WORKING CONDITIONS

Mr. BOUCHER:

1. Have salary increases been given to stationary engineers or firemen in the Department of Public Works at Ottawa since 1939?
2. If so, what increases were made and to whom?
3. Were increases recommended?
4. What overtime was worked over 48 hours per week and by whom?
5. Were these men paid for such overtime? If so, at what rate and in what manner?
6. What is the prevailing rate of pay for such engineers and firemen in private industry in the Ottawa area?
7. Were recommendations made since 1939 as to hours of work, overtime pay, or increased salaries or wages?
8. If so, what recommendations, when and by whom?

Mr. FOURNIER (Hull):

1. By order in council P.C. 121/621, dated February 2, 1944, most stationary engineers in the department were given war duties supplements. Others, not included in the order in council, were granted war duties supplements in 1945, effective in 1944, by order in council P.C. 117/1111, dated February 21, 1945.

The salaries of stationary engineers and steam power plant engineers were revised as follows by order in council P.C. 137/2867, dated July 10, 1946, effective April 1, 1946.

Stationary engineer, heating, grade 1—$1,260-$1,380 to $1,380-$1,500.

Stationary engineer, heating, grade 2—$1,440-$1,560 to $1,500-$1,800.

Stationary engineer, heating, grade 3—$1,680-$1,920 to $1,800-$2,100.

Steam power plant engineer, $1,860-$2,220, to steam power plant engineer, grade 1, $2,100-$2,400.

Steam power plant engineer, $1,980-$2,520, to steam power plant engineer, grade 2, $2,400-$2,700.

(This revision in most cases would wipe out the war duties supplements granted in the previous orders in council.)

By order in council P.C. 17/2990, dated July 18, 1946, the salaries of firemen's helpers, fireman-labourers and firemen were increased as follows:—

Fireman's helper, $1,020-$1,080 to $1,080-$1,200.

Fireman's labourer, $1,140-$1,200 to $1,200-$1,380.

Fireman, $1,140-$1,260 to $1,200-$1,380.

2. Increases due to the revision of salaries indicated in the answer to question No. 1 are applicable to all stationary engineers and firemen in the public service in Canada.

3. Recommendations for the above increases are now being made by the Department of Public Works for each individual case; that is, pay certificates are being forwarded to the chief treasury officer for revision in pay.

4. During the past few years it has become increasingly difficult to obtain the services of sufficient heating staff and therefore practically every member of the staff has worked some overtime during the heating seasons.

5. These men were paid for such overtime by compensatory leave in lieu thereof. Such time was granted whenever possible, mostly during the summer when the heating plants were closed down.

6. The average prevailing rates of pay in private industry in Ottawa area are as follows:

Engineers, $100 to $130 a month.

Firemen, $85 a month.

7. Only as to increased salaries given in answer to question No. 1.

8. The recommendations for stationary engineers were made by the civil service commission on May 16, 1946, and approved by order in council P.C. 137/2867, dated July 10, 1946, and those for firemen on May 2, 1946, and approved by order in council P.C. 17/2990, dated July 18, 1946.

*OFFICIAL SECRETS ACT—MISS AGATHA CHAPMAN

Mr. BENTLEY:

1. When will a decision be reached by the law officers of the crown regarding the action to be taken concerning allegations against Miss Agatha Chapman made by the royal commissioners appointed by order in council P.C. 411 of 1946 in their final report?

2. Why has no action been taken similar to that against other persons accused by the royal commission?

3. If a decision regarding Miss Chapman's case has already been reached (a) what is that decision; (b) what action does the minister propose to take on the basis of that decision; (c) when will that action be taken?

Mr. ST. LAURENT: Perhaps I might be allowed to answer this question orally. With regard to the first part of the question I cannot say just on what date final decision will be taken. I discussed the matter again yesterday with the deputy minister of justice. There has been no difference between the course followed in this case and the course followed in other cases. Before charges are laid the deputy minister of justice wishes to have the opinion of outside counsel who will, if a prosecution is instituted, conduct the proceedings. Three of the senior counsel who had been retained for other prosecutions were sought to take charge of this one, or at least their offices were communicated with. It so happened that all three were away on holidays. Then there was a canvass made and it was found that many more lawyers are away at this time than members of parliament. It was with some difficulty that we were able to select a junior counsel to whom the whole of the papers were referred. The day before yesterday the deputy minister received a report from him which is a complete analysis of the facts and which it is desired to have checked by senior counsel. The deputy minister told me that the senior counsel he had in mind, who had been spoken to some time ago about this case, would be back from his vacation on Labour day. No time will be lost in taking such action as may be appropriate, as soon as the ordinary procedure followed by the department can be carried out.

I think that answers the other two paragraphs as well. The second asks why no action has been taken similar to that taken against other persons accused by the royal commission. I believe the explanation I have given answers that. The third paragraph asks if a decision has been made and, if so, what that decision is. A definite decision has not yet been reached, for the reasons I have given, but I can assure my hon. friend that I am as anxious as anyone can be that all these matters be disposed of promptly and in the regular way.

SALES OF LIQUOR

Mr. NICHOLSON:

What were the per capita sales for liquor by provinces for the last fiscal year?

Mr. MacKINNON:

Note.—The figures below based on sales as reported by the provincial liquor boards or commissions, are not comparable figures of liquor consumption by residents of the various provinces for the reasons stated below:

Per Capita Sales of Alcoholic Beverages in Provincial Fiscal Years ending in 1945

(Computed from sales by provincial liquor control boards and extra liquor board sales (i.e., by Breweries, etc.) where permitted)

	Sales per Head of Population
Nova Scotia	$30 80
New Brunswick	23 34
Quebec	21 27
Ontario	25 70
Manitoba	20 79
Saskatchewan	16 12
Alberta	24 90
British Columbia	30 94

1. The consumption of liquor by tourists is considerable and is heavier in some provinces than others.

2. The figures for certain provinces, e.g., Nova Scotia and British Columbia are inflated because of the accumulation of service personnel in these provinces in 1945.

3. The methods of accounting are not uniform as between the various provincial liquor boards.

4. There is considerable variation in methods of sale in the different provinces. In some provinces the figures represent sales to final consumers only; in others they represent sales to intermediaries as well.

5. The provincial fiscal years vary, hence the figures do not refer to identical periods of time.

JAPANESE—REPATRIATION—MENTAL HOSPITAL PATIENTS

Mr. MacINNIS:

1. Under what authority was Kosho Matano sent to Japan?

2. Of the fifteen persons of Japanese origin in mental hospital in British Columbia who were sent to Japan at their own request, how many were (a) Japanese nationals; (b) naturalized Canadians; (c) Canadian born?

3. How was the request for repatriation obtained from these fifteen mental hospital patients?

Mr. MITCHELL:

1. Upon his own request for repatriation under the provisions of P.C. 7355 of December 15, 1945.

2. (a) 12; (b) 3; (c) nil.

3. A request was made to the provincial mental hospital authorities in each case by the repatriate and subsequently affirmed to officers of the Department of Labour and the said hospital authorities.

QUESTION PASSED AS ORDER FOR RETURN

GOVERNMENT-OWNED COMPANIES—ADVERTISING AND PUBLICITY

Mr. DANIEL:

What is the total amount paid by government-owned companies since their inception for (a) advertising; (b) publicity, including publicity personnel?

UNITED NATIONS

INVITATION TO ATTEND GENERAL ASSEMBLY—INQUIRY AS TO POSSIBLE POSTPONEMENT

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I should like to ask the Acting Secretary of State for External Affairs if any invitation has yet come to the Canadian government to attend the sessions of the second part of the general assembly at New York, which I understand is called for September 23. At the same time may I ask if any suggestion has come to the government from that organization that the sittings of the general assembly be postponed until such time as the Paris peace conference has reached some degree of finality?

Right Hon. L. S. ST. LAURENT (Acting Secretary of State for External Affairs): To the first part of the question I think the answer should be in the affirmative. What has been received by the Canadian government is official notification from the secretary general that the second part of the general assembly will convene in New York on September 23. It is not couched in the terms of an invitation, but it is an official notification to members of the general assembly of the date for the resumption of the meeting. To the second part of the question the answer is no; no suggestion of postponement has been made to the Canadian government.

Mr. GRAYDON: May I express the hope that if the general assembly is to convene on the date indicated, it will not follow the example of the early days of the Paris peace conference, because I do not think a world which is seeking peace could stand two performances of that kind going on at the same time.

Mr. ST. LAURENT: I am sure publicity will be given to the views expressed by the hon. member, and I hope proper notice will be taken of them.

MOTOR VEHICLES

INQUIRY AS TO INCREASE IN PRICE OF FORD TRACTOR REPAIR PARTS

On the orders of the day:

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance): Yesterday the hon. member for Peace River (Mr. Low) asked the following question:

Was the Ford Motor Company authorized to increase the price of Ford tractor repair parts by 20 per cent on or about August 3?

The answer is that as a result of price increases in the United States, the wartime prices and trade board passed order No. 638 allowing importers of farm machinery, after written authorization from the administrator of farm and construction machinery and municipal service equipment, to increase their June 14, 1946, maximum prices by the exact amount of increase in their landed cost. Under the terms of this order, on July 22, 1946, the Ford Motor Company of Canada Limited at Windsor was authorized to increase wholesale prices of imported tractor repair parts by 20·55 per cent. Dealers buying such parts for resale are not permitted to add the same percentage increase to retail price, but are restriced to an increase equal to the actual dollar increase in cost.

MILK

QUESTION OF CONTINUANCE OF SUBSIDY OF 55 CENTS PER 100 POUNDS

On the orders of the day:

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance): Yesterday the hon. member for Churchill (Mr. Moore) asked a question with regard to the subsidy on milk. No change is contemplated in the government policy announced by the Minister of Agriculture (Mr. Gardiner) on May 16 last, namely that the producer milk subsidy will be discontinued on September 30 next.

Control of the prices of milk and cream was transferred from the wartime prices and trade board to the provincial milk boards, effective June 1, 1946.

Mr. SENN: I understood the Minister of Agriculture to tell the house the other day that the matter was under advisement, and that a decision had not been reached. Does the parliamentary assistant mean, then, that a decision has been reached, and that there will be no further subsidy on milk?

Hon. DOUGLAS ABBOTT (Acting Minister of Finance): I will answer that question. The answer is yes

WAR ASSETS

MOTORCYCLES DECLARED SURPLUS BY DEPARTMENT OF NATIONAL DEFENCE

On the orders of the day:

Mr. G. J. McILRAITH (Parliamentary Assistant to the Minister of Reconstruction and Supply): Yesterday the hon. member for Peterborough West (Mr. Fraser) directed an inquiry as to the procedure to be followed with respect to certain questions he had sought to place on the order paper and which had been directed to the committee on war expenditures and economies. I have had an investigation made as to these questions, and find that they have been answered in that committee.

Mr. GRAYDON: Have the answers been published?

Mr. McILRAITH: Part of them are printed and part are not yet printed. As far as I know, the last issue of the proceedings of that committee is not yet available in printed form.

Mr. GRAYDON: May I ask if that printing is to be done at once?

Mr. McILRAITH: Oh, yes, I understand so. It is likely to be in at any time. It is in the hands of the printers.

[Mr. Mayhew.]

Mr. GRAYDON: There is not much use in answering questions unless the answers are published.

Mr. McILRAITH: Unfortunately sometimes there is some delay in the printing.

Mr. FRASER: May I ask if the questions answered are those dealing with the armed services or those dealing with war assets?

Mr. McILRAITH: Both.

Mr. FRASER: That is wonderful.

FEED GRAIN

REQUEST FOR ASSISTANCE TO OVERCOME SHORTAGE ON CAPE BRETON ISLAND

On the orders of the day:

Mr. MATTHEW MacLEAN (Cape Breton North-Victoria): Some days ago I wrote the Minister of Agriculture concerning the shortage of hay and grain in Cape Breton. As I have not received an answer to my letter, Mr. Speaker, with your permission I shall direct the question to the acting minister.

This year the hay and grain crops on Cape Breton Island are about one-third of the average, owing to a very dry season, and the farmers will be compelled to kill a large number of their cattle unless hay and grain can be obtained elsewhere. My question is, will the government assist the Cape Breton farmers to obtain the necessary feed for their cattle by paying all or part of the freight rates on this feed from Ontario and Quebec, or wherever the hay and grain may be obtained, since the farmers are not able to pay these costs themselves?

Hon. JOSEPH JEAN (Solicitor General): I take notice of the hon. member's question and will have the matter examined at once.

FIELD MARSHAL MONTGOMERY

ARRANGEMENTS FOR VISIT TO CANADA

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, before the orders of the day are called may I refer to press dispatches to the effect that General Montgomery is coming to Canada in sealed quarters on board ship, that he will be the guest of the Canadian government while he is here, and that he follows a very strict diet. I wonder if the Canadian government has got in touch with the imperial government so that General Montgomery may follow strictly the same diet in Canada that he follows elsewhere, in order to avoid an intra-imperial crisis?

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): In reply I would say it would be a good thing if some members in the house were in sealed quarters.

SALES OF LIQUOR

OMISSION FROM RETURN OF FIGURES FOR PRINCE EDWARD ISLAND

On the orders of the day:

Mr. A. M. NICHOLSON (Mackenzie): Mr. Speaker, may I draw the attention of the Minister of Trade and Commerce to a return just brought down, giving on a per capita basis the consumption of liquor by provinces. The file has been denuded of the figures for Prince Edward Island. I wonder if the minister would check that.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I am sorry if there is no figure for Prince Edward Island. I shall check it.

Mr. NICHOLSON: Does it mean that they do not consume liquor there?

Mr. MacKINNON: I do not think that is correct, no.

Mr. POULIOT: That question has no relation to mine.

INDUSTRIAL RELATIONS

CONSIDERATION OF SECOND REPORT OF STANDING COMMITTEE—MOTION FOR CONCURRENCE

The house resumed from Wednesday, August 21, consideration of the motion of Mr. Lalonde for concurrence in the second report of the standing committee on industrial relations.

Mr. NORMAN J. M. LOCKHART (Lincoln): Mr. Speaker, when the house adjourned last night at seven o'clock, at which time there was some slight interruption to deal with the continuity of business in the house, I was speaking about the forty-hour week, and there is reference in the press to-day to certain labour demands across the country in this respect. I said then that I thought it was ill-conceived, and referred to the fact that the 48-hour week provision had been placed on the statute books of Ontario as recently as January 1 of this year. I expressed the opinion that it should have been tried out for at least a period of time before any attempt was made to drop hours of labour down to forty hours per week.

Much criticism has been launched against the so-called ten-cent pattern credited to the provincial board, and approved at least in theory by the present government. Let me say here that I am just as definitely opposed to rigid patterns such as the 40-hour week as I am to the ten-cent wage pattern which has been criticized, and especially at a time when the country faces a crisis. In my opinion it is ill-conceived to try to force the forty-hour week, in the light of many complications which have arisen. If hon. members will bear with me for only a few minutes I shall endeavour to show how this reduction of hours works out, and will illustrate by citing one case which I know is common to many thousands across Canada, in connection with the working out of the 48-hour week. This is not a hypothetical case, but one within my own personal experience.

I have in my files a considerable number of letters from small employers, which I shall not attempt to read. However, the particular instance I have in mind concerns an employer who has from forty to fifty employees. Long before the war this man assisted financially some seven or eight of his employees to get small houses. He lent them small amounts of money, and allowed them to use their—

Mr. SPEAKER: Order. I am sorry to interrupt the hon. member, but I must point out there is so much noise in the chamber that it is disagreeable not only to the hon. member who has the floor, but also to those who want to listen.

Mr. LOCKHART: Mr. Speaker, when the side discussions end, I shall proceed. I was pointing out that I have on my files much evidence to support what I am about to say. Before the war this particular employer, whom I have known for thirty or thirty-five years, had forty or fifty employees on his payroll, and he had assisted at least seven or eight of them in securing small houses. He lent them small amounts of money and did many other things for their assistance. He allowed them to use his trucking equipment in the erection of those houses. Long before this so-called blue-plan for hospital care became known, this man had worked out a scheme under which his employees would contribute a small amount per week, and he matched their contributions dollar for dollar in order to provide social security for them. I could go on at length, setting out the various things he did to help them. The employees were permitted to control the payment of this money. At times when there were hospital emergencies, doctors' bills, the arrival of children in the families, dental care and many other obligations, $25 or $50 was always available through that fund. The fund was set up in trust, and the expenditures were controlled by the employees. The employer did all sorts of things like that. Needless to say the esprit

de corps in that plant was good, and, what is more, the employer and his employees were drawn more closely together by these arrangements.

I thought of this when I listened to one hon. member who said, I believe it was in connection with the steel strike at Hamilton, that Mr. Brockington had to introduce the head of the industry to the head of the union. This kind of thing shows the necessity of getting closer together. In the case I have cited the employees were working from 52 to 54 hours per week. The employer called in his men and he said, "From January 1 you will be working only 48 hours a week, but we are going to continue to give you the same take-home pay. This is going to cost us from $8,000 to $10,000, but we will do our best to absorb the added expense." He continued, and I have correspondence to confirm what he said, "Remember we expect your hundred per cent cooperation. We have had to work largely under ceiling prices with the goods we distribute, and the added cost for labour will come out of our profits. Our turnover must be kept up, or our earnings will decrease." That was the conversation about which he has written. He said, "If we work together perhaps it will work out; we are willing to do our part." He added one thing more which is very significant. He said, "If our turnover decreases and our earnings are depleted, it will become necessary because of this reduction to 48 hours to put on five or six more men in order to get out the work." It was pointed out that this would mean increased overhead. I think this goes to show the position in which the small employer is placed. The men rallied around the employer and everything went well for a few months. Then this present unrest—this is the part I want to emphasize—started to creep into the ranks of these forty to fifty men, and trouble started. I have a letter yesterday setting out the details. Four or five of the men said that they were going to work only 40 hours a week from now on. There was a reduction from 52 to 54 hours to 48 hours a week; but what is going to happen when the 40-hour week is put into effect?

Our whole system of employment is being disrupted by these tactics. This employer also writes that his truck drivers have become dissatisfied. An organizer has come in trying to get them into the truck drivers' union or something. These drivers have dropped into their old habits of stopping at the beer parlour and taking on a few glasses of beer. This man's overhead is piling up and he writes me that yesterday he posted a notice that as of September 1 there will be a reduction of five per cent in wages. This is made necessary because earnings have been going down. This is an example of the vicious circle that is created by this sort of thing, and I am convinced that it is illustrative of thousands of similar cases across the country. If these things do not work out it, in the end, will reflect upon the workers themselves. It is high time that an opportunity was given for a general discussion of the whole matter.

I should like to say just a word about law and order. The public are becoming exasperated at the flagrant violations of the laws of our land by all parties concerned. You hear talk of this on the streets and on the trains. Public opinion is demanding some action, and is holding the governing parties responsible for the maintenance of law and order. The most definite criticism falls in the lap of the federal government who are responsible for the setting up of the wartime prices and trade board, the regional war labour boards, the national war labour board and all other government bodies. This is the result of their policy. That is what the people are saying.

I am trying to discuss this thing without rancour or prejudice; I am trying to be fair and present the case as I know it. That is what is being said on the streets. The people say, "If our laws are wrong, let the federal government correct them and then see that they are enforced." Make no mistake about it; the public are not going to be hoodwinked much longer with this kind of thing. Employer and employee are insisting that it stop at once.

As I say, I am trying to express myself without prejudice. My sympathies are with the employers as well as with the employees. They all have their problems. They are being made to suffer because of a lack of cooperation between the controlling bodies. Nothing will be gained by setting up industrial relations committees unless all the conflicting interests are prepared to sit down and inject into their discussions a little bit of the milk of human kindness. I have simply tried to show by giving one example, and I could give many—I could recite some of my own personal experiences—how this thing works out.

I hear someone say, "Oh, you will not get anywhere with that sob stuff, with that sympathetic strain; it is a fight to the finish." That is what many are saying. That fight to the finish will ruin our very economy, and that is what I am alarmed about. I have talked with many union men and with many employers, especially during the last weeks when the committee was sitting, and I know that they are alarmed. With the consent of the house I should like to give a short summary.

Mr. SPEAKER: Has the hon. gentleman unanimous consent?

Some hon. MEMBERS: Go ahead.

Mr. LOCKHART: I should like to recite a personal experience that occurred last Sunday morning which I think indicates what is in the hearts and minds of the people. A mother of four children ranging from six to fifteen years of age came to me last Sunday morning. She told me that she was desperate because her husband had become a different man during the last few months. She said, "I do not know whether this is the result of the war or not. He was always a faithful husband and took care of his family. We had our home nearly paid for from his earnings in one of the industries, and we were very happy and proud over what we had accomplished." She said, "He seems to have been influenced in some way, something that I cannot lay my finger on. He does not seem to care whether his wife and family are provided for. He has said to me, 'I am not going to work any more than forty hours from now on, and I am going to have certain wages. If I don't get a certain amount of wages I am not going to work.'" This woman said to me, "I don't know what's come over this husband of mine, Mr. Lockhart. We are heading for disaster in my family. I understand there is a committee at Ottawa dealing with this question, and I am just giving you my personal experience. This husband of mine and his employer years ago used to work and live harmoniously together, and in those days he spoke highly of his employer. But someone has changed, Mr. Lockhart, and I am inclined to think that it is my husband who has changed at heart." That is just a humble woman's presentation of what is in the hearts and minds of people as a result of this sinister agitation that is going on all across this country.

The industrial relations committee have made a good report. They have done all they could. They carried on rational discussions under able guidance, and they have brought in their recommendations. If the government will only act upon them, those recommendations can form the basis of something valuable that can be done to improve labour relations. They represent the consensus of thirty-five men who worked conscientiously on that committee studying the situation, and if the government will live up to their responsibility, they will read, mark and inwardly digest the committee's report. I certainly will approve that report. I plead with all the factions who are involved in this terrific struggle for supremacy and who are putting forward formulas, be they ten cents an hour increase or the forty-hour week—I plead with them: Stop, please, in the interests of the great public, in the interests of that poor mother with four children who is worrying her life out over her social insecurity. I say: Stop flying at one another's throats like pet bulldogs. Let us sit down and see if we cannot work out something to preserve our way of life, which at the present moment we are fighting to maintain.

Mr. WILLIAM IRVINE (Cariboo): Mr. Speaker, I am not going to follow the argument of the hon. member for Lincoln (Mr. Lockhart) but I hope he will not therefore assume that I agree with what he says. I most heartily disagree with his point of view, but since it is only fractional in relation to the main issue I shall not spend time in replying to his argument now.

The question before this house is concurrence in the report of the industrial relations committee, which was appointed to investigate one of the major problems of modern civilization. There is no greater problem confronting Canada to-day or confronting any other capitalist nation on earth than this question of industrial strife, practically open warfare between the employers and the employees. It is not a new occurrence; it is not born of the war. It has been growing constantly for over two centuries, and as the problem develops and becomes more and more acute, strikes are more frequent and more violent, and so the problem grows.

I am sorry that I cannot support the report of the committee. While the committee may have done some fairly good work, I think on the whole it was a complete failure. It spent most of its time, and properly so, in investigating the steel strike. But it has shown fear or a lack of interest in bringing forward any solution or any suggestion of a solution for the steel strike or any other strike.

Several hon. members have said that the committee's chief value has been in the education which has been imparted to the public on industrial relations. I would just like to know, sir, what education that was. It imparted none to me, and I fail to see what it could have imparted to anyone else.

The hon. member for Calgary West (Mr. Smith) gave I think the most lucid and comprehensive review of the entire proceedings of that committee. I was amused by his definition of industrial relations. I think there must have been some confusion in his mind between that natural impulse of human nature to improve the conditions of life and the means by which life is made possible,

and the real industrial warfare of modern civilization. At any rate his concept of industrial relations and of industrial unrest was put forward by analogy when he told us that when you saw a savage of the rough stone age fashioning a tool out of rock, that was industrial unrest; and when you saw some who had made a superior mousetrap, that also was industrial unrest. Well, we can stand a good deal of that kind of industrial unrest, I may tell my hon. friend. But the kind of industrial unrest which this committee was to deal with was a very different kind of unrest from the making of stone tools or the making of a mousetrap or anything else that may be implied in that analogy. The problem has been greatly accelerated by the very principle to which the hon. gentleman referred, namely, that every discovery and every new invention in our technological advance has but increased industrial unrest and made it more difficult for a large section of the public to live, whereas it should have made it much easier for them to live, and to live on a very much higher standard.

The hon. member for Calgary West quoted Mr. Conroy to the effect that all the world is going socialist or communist, and the hon. member for Calgary West agreed with that view. It seems that he thought the situation which threatened to terminate in socialism or communism so desperate that the Conservatives called a caucus, and the result of that Conservative caucus was the proposal of the hon. member for Calgary West which resulted in the committee's taking over this inquiry into industrial unrest. The hon. member proceeded to review the evidence; and without following him step by step in that review I immediately rushed to his conclusion, which was that nothing was proven: that was his conclusion. After all the investigation it has resulted in nothing. He said that he was not convinced that a case had been made out by Mr. Donald Gordon for a ten cent maximum increase in wages, but while he was not convinced that a case had been made out, he was so desperately afraid there might be something in it that he was utterly paralyzed and took no action in the committee on the matter. Apparently a majority of the committee did likewise. He was equally convinced that labour had failed to make out a case, and so "not proven" was the verdict of the hon. member for Calgary West in his summing up of the evidence before this committee.

Now, Mr. Speaker, I want to ask, was it not possible to prove, could not the committee have got the evidence to prove, that $33.60 a week, the amount asked by labour now on strike, was the minimum required for the preservation of health and self-respect? Was it not possible to provide the evidence which would prove whether that amount was too great, or too little, or sufficient? Again: was it not possible to prove that the industry could or could not pay the amount of increase asked by the striking steel workers? If it was possible to prove these things in that committee, I say that the committee reported too soon; it reported before the evidence was in, and it reported "nothing proven".

I say also, sir, that if the steel industry cannot pay $33.60 a week to the workers in that industry, Canada cannot afford to have a steel industry. The committee was the only body that ever considered the issue in which there was any semblance of representation of the public, and it was for them to say whether we can afford that industry or not if it cannot pay that amount of wages. It will not do for hon. members to try to cram communism into this issue. It would have been laughable, were it not so tragic, that various hon. members should try to raise the communist bogy and the socialist bogy in connection with this clear-cut industrial dispute. I wish that those hon. members who are afraid of socialism and afraid of communism would realize that the kind of thing they are saying and the kind of thing they are approving will lead to the downfall of their present system; and they might thank socialists in this corner for being ready to take over when they are through, because they are going to be through.

Mr. JAQUES: That will be too bad for the C.C.F.

Mr. IRVINE: They are going to be through. I do not understand the significance of my hon. friend's remark about its being too bad.

Mr. JAQUES: It will be a sorry day for them if that happens.

Mr. IRVINE: Perhaps he is not quite aware of what he said himself, so we will let it pass. But I want to advance some reasons why the committee should have inquired also whether or not the steel companies should have been granted an increase of $5 a ton on pig iron. As I see it now, there are a great many reasons which would go to prove that the company should never have been permitted to get that increase. Surely the matter should have been inquired into and the proofs found. Naturally that increase would mean higher prices on all products in which steel is used. Increased prices would mean more inflation; and if the government and the companies are so much afraid of inflation, why do they take the steps which lead directly to it? An in-

crease in the price of steel would lead to a demand by the workers for a corresponding increase of wages to absorb the increase in price which they would have to pay, and so, on would go the march towards the inflation which the government and the companies appear to be so much afraid of.

I would say next that the progressive improvement in tons per hour and yields of civilian goods by these companies since the war ended would indicate that their income can be sufficiently large without any increase in the prices at all. Stelco, for example, from 1940 to 1944 was in the excess profits brackets, and if it had not been for very extensive use of the legal devices provided for companies to evade extraordinarily heavy taxation it would have paid very heavy income tax indeed.

Mr. McCANN: It did, too.

Mr. IRVINE: I will show what it did. The legal means which it used was, of course, the accelerated depreciation principle, and very substantial transfer of funds to pension funds; but even after it had absorbed in these ways all that legally could be put away, namely about $3,000,000, it had remaining a net profit or a taxable income of $4,159,000. The wartime prices and trade board as well as the committee accepted the company's figures on costs and profits without any investigation. I do not think that that would happen with any other body. When labour wants something it has to prove its case very thoroughly. I imagine that the wartime prices and trade board took their figures from government statistics, and government statistics are the figures of companies which have not been checked by government as to their accuracy. I think that before any company is granted the right to increase its prices it should be required to come before a public hearing and prove by opening its books that it has the right to such a claim. That was not done in the case of this company and others that are applying for an increase in prices.

While I am on that point may I say that it was necessary for this committee's work, if it had undertaken its job properly, to investigate the cost of living in relation to the increase in wages which the workers are seeking. The crucial point is, first, whether their wages are high enough now, or whether they need the increase which they are asking for; second, whether the companies concerned can afford to pay the wage asked.

Mr. SMITH (Calgary West): There are at least one hundred pages of evidence on that.

Mr. IRVINE: Yes; I am going to show my hon. friend that the people who could give the proper evidence were not even called. When you want to find out the costs of a company's operation you call the company directors or its management to tell you. When you want to know the cost of living you should call the wives of the striking steel workers to tell you how much it costs to keep five children in school, to feed them, to clothe them, to educate them and to look after the homes.

Mr. BURTON: They are worried only about the widows and orphans afterwards.

Mr. IRVINE: If that was investigated I find no evidence of it, apart from the interjection of the hon. member for Calgary West. If the question of wages was investigated then I want to know from him whether it was proven or disproven. Was $33.60 a week shown to the committee to be too great an increase in wages? It was not.

Mr. BLACKMORE: It was not even attempted.

Mr. IRVINE: I noticed that the hon. member for Lethbridge made that point very clear in his speech on this vital question. The issues were never touched at all, yet the company's figures were accepted and the company's increases given without question either by the board in question or by the committee. This committee, which was a complete failure, either should never have been appointed, or should be sent back to do its job properly. The house must endorse its failure or insist on results. I do not know which alternative the house will decide, but I certainly am going to vote against what it has done so far. If it should go back to try it over again, I shall be glad to see it have the opportunity.

The submission of the steel companies for a price increase should be reexamined. If the wartime prices and trade board does not undertake it, then the committee on industrial relations should carry on the investigation.

When men strike for a slight increase in wages one hears a great deal of talk about the public interest, but I wish to point out that the public is quite as much interested when the price of steel is increased, quite as much interested when the price of gasoline is increased, as they are in the case of a wage increase. I suggest to you, sir, that that is a matter for public hearing. That public hearing should be demanded by the house from now on in the case of every company which comes asking for an increase in prices.

As I said a few moments ago, industrial strife, which is now politely called "unrest," is of long standing, and it is growing progressively worse, because a strike anywhere affects people everywhere. We are so completely tied together in a network of industrial relations that when a strike takes place in one part of the country it affects practically all other parts of the economy. Also strikes are brought about more rapidly in these days because the effect of invention and technological progress is to speed up the cycle of production, and without a corresponding speeding up of the cycle of consumption there must be industrial chaos.

Of course the public interest cannot be ignored. A strike in a basic industry such as steel if it continues for any length of time, will most assuredly cause a shut-down in other industries. In addition, the public is interested because it wants goods, it wants to be served, and it does not want to see anything stop that service. But let me say, sir, that as well as having an interest in them the public must accept some responsibility for these things. It is all very well for us to say that in the interests of the public, industry must go on no matter what happens. I would say that the public has a responsibility to see that industries go on, but it also has a responsibility to see that industries must not be allowed to continue to go on at the expense of the sweat and blood of the working people in it.

In reviewing the proceedings of the committee's study of the strike I cannot find that any attempt was made to deal with the causes of strikes generally, other than to say that apparently they are something which comes out of the head of a communist, that there are no real economic causes. Any committee which is going to find a formula for a situation of this kind surely must go a little deeper in its studies than this committee went. If strikes and industrial unrest are to be brought to an end, surely the causes of these things must be determined by any committee which inquiries into them.

I suppose it would not be well received by the house if at this time I were to give my views as to these causes. I shall refrain from doing so at this time in the hope that on some future occasion I shall have a better opportunity; but I cannot refrain from a criticism of the committee for failing to search for and find that cause, since the matter was referred to it. The economic causes of all strikes of the past and all that will happen in the future were not touched at all; therefore we can hardly expect any formula of real value until these causes have been brought to the surface and removed.

I think I may conclude by saying that the large corporations in question in this strike have a very great influence on government. I do not mean only on this government as a Liberal government; I mean on any government. Their economic position in the country is so powerful that they would have a similar influence on any government as long as that power remained in their hands. To make clear what I mean, I would say I have been looking over the great network of leading industrial and financial institutions of whose board the directors of the Steel Company of Canada and the other steel companies are members. After looking over that network I would say that the government of Canada could not successfully float a major loan without its assistance. If the government should find it necessary very shortly to float a major loan to absorb the surplus money which there are no goods to offset, or if the government should find it necessary to launch into great public undertakings for the winning of the peace as we did for the winning of the war, I say that without the assistance of these directors and the companies they direct, that loan could not be successful. Therefore I say that the directors of these companies are part of the invisible government of Canada, and the invisible government is more powerful than the visible government.

Before I sit down, Mr. Speaker, I say this session should not close until this steel strike is settled. There is nothing to be gained by merely approving the report of this committee. That will settle nothing. It will not even touch the subject. The situation is serious and is very likely to become more serious. Other great strikes are looming up. The industry of Canada is threatened with paralysis. This house represents the public of Canada, the common people of Canada. This parliament and this government have responsibilities which they must discharge. I say it would be criminal folly to pass this by lightly or to close this house before this matter has been settled, whether that is done by sending the committee back to work or by the government accepting a new policy and announcing it in this house, and going forth to put it into operation. That is largely for the government to decide, but that it should be decided one way or the other, and that this house should remain in session until this matter has been settled, I have not the slightest doubt in the world.

Mr. MITCHELL: May I just say to my hon. friend that if we have many more speeches like that, strikes will never be settled.

Mr. IRVINE: If my hon. friend made that interjection for my benefit, then I have to retort that if we have many more ministers of labour like my hon. friend we shall never have anything but strikes.

Mr. F. E. LENNARD (Wentworth): Mr. Speaker, I have followed this debate very carefully, because while I was not a member of the industrial relations committee, I represent a riding which surrounds Hamilton and takes in about one-third of that city, territorially. I do not propose to take up the time of the house in abusing other hon. members or answering their arguments, but I do not agree with some of the remarks made by the hon. member for Cariboo (Mr. Irvine). I want it clearly understood that I hold no brief for capital. I am not a member of the Hamilton Club. I am not being dictated to by anyone, and I never have been; my record shows that. But law and order must be maintained in the city of Hamilton as well as every other part of Canada; and that law and order must be maintained and safeguarded by every sincere and honest trade unionist. The laws of this country must be upheld. On August 14 I was quoted in the press, in connection with the disturbances at Hamilton, as follows:

"This rabble has done more to damage the case of labour in Canada than anything that has happened in several years . . . The disturbances at Hamilton city hall last week were outrageous and I blame it mainly on the mayor, Sam Lawrence. I want it clearly understood that I am in favour of trade unions but I believe that strikes should be conducted in an orderly manner and I do not believe that the intimidation which is going on at Hamilton should be permitted. It savours very much of Moscow and I think it is being directed from there."

Mr. Lennard referred to more than 2,000 men who have shown they are not in sympathy with the strike, by remaining on work at the works of the Steel Company of Canada. Because of the violent tactics of the strikers these men are besieged within the company's property and are unable to pass between their homes and their work. "Under our system of government that condition should never be permitted to occur," Mr. Lennard declared.

That was my honest opinion on August 14, and it is most certainly my opinion this morning. The following morning, August 15, I received a telegram from one Eamon Park, a representative of the United Steelworkers of America, which began as follows:

Your inflammatory speech to-day completely misrepresents Hamilton and its citizens. Police officials here do not agree that state of lawlessness exists.

Now I wish to refer to an item which appeared in the Hamilton *Spectator* of August 16:

Commenting on last Thursday's disturbance at city hall, Alfred Stratford, president of local 504, united electrical workers, declared: "The people of Hamilton have nothing to be ashamed about. Controller Nora Frances Henderson lost a few locks of her hair. You won a great victory with your demonstration of solidarity. If it had not been for that demonstration, he said, Controller Henderson would have succeeded in having a request made for the entry of provincial police.

Now listen to this:

The public, he declared, "scared certain members of council and they voted against their own convictions in voting against the controller's motion."

If that is not terrorism and intimidation, then I do not understand the laws of this country nor the English language. This general shut-down in Canada, if it is not halted, will create disastrous conditions that will make the general strike of 1919 in Winnipeg seem very insignificant. It took Winnipeg years to recover. The present situation, if it is not settled soon, will affect at least the greater part of Canada, and could put industrial centres back some twenty years. In the present dispute some labour leaders, in my opinion, are not interested in ten cents or twelve cents of any other figure. Their principal interest is in the check-off and in creating a dictatorship in this country. Their interest is in forcing men to join a union against their will, and in my opinion this is so undemocratic it should never be tolerated. The C.I.O. is much more interested in disrupting our economy, in substituting the hammer and sickle for the union jack, and in creating a dictatorship, than in doing anything for the workingmen; and the sooner the people of Canada realize that and get on with the production of the many things that are urgently required, the better.

Mr. IRVINE: What is the hon. member quoting from?

Mr. LENNARD: I did not interrupt you; so just hold your horses.

Mr. IRVINE: What is the hon. member quoting from?

Mr. LENNARD: I am not quoting from anything; I am just saying what I think.

Mr. IRVINE: What are you reading?

Mr. LENNARD: I am only reading for a minute or two, and I have seen you read for half an hour.

Mr. NICHOLSON: Who wrote this for you?

Mr. LENNARD: I never interrupt any hon. member in the house, and I do not want to be interrupted by members of that group—not "party."

The ACTING SPEAKER (Mr. Golding): Let us not have these interruptions.

Mr. NICHOLSON: On a point of order—

Some hon. MEMBERS: Sit down.

Mr. NICHOLSON: Is there not a rule in the house which says that speeches should not be read?

Mr. MITCHELL: Mr. Speaker, let us be fair about this. Let the hon. member not be too self-righteous, because I have seen him read speeches.

Mr. NICHOLSON: I beg your pardon; you have not.

Mr. GRAYDON: They would have been better if they had been read.

Mr. MITCHELL: Let us be fair about it. The hon. member may not agree with what is being said. This is something the hon. member does.

Mr. SINCLAIR (Vancouver North): The leader of the C.C.F. party is the best reader in the house.

Mr. NICHOLSON: When did you see me read my speech?

Mr. GRAYDON: Let us have less hypocrisy.

The ACTING SPEAKER (Mr. Golding): I must ask hon. members not to interrupt.

Mr. LENNARD: Mr. Speaker, I do not mind the interruptions. But I was merely following my notes, and I would also assure the hon. member that I have never yet, by those who know me, been accused of having anything written for me by anybody.

In conclusion, sir, I repeat that no one is more favourable to unions than I am. But let men have freedom of choice and freedom of association. Let them run their unions without outside interference, and we shall have far less unrest in this country.

Mr. H. G. ARCHIBALD (Skeena): Mr. Speaker, I am going to emulate the hon. member who preceded me (Mr. Lennard), by being brief. There are only one or two points I wish to bring up, inasmuch as I sat through the sittings of the committee.

When the committee was appointed a crisis existed in the economy of the country. It dealt first with the steel strike in Hamilton. All other negotiations in connection with wages ceased in the major strikes across the country. In other words it was generally recognized that if this committee came out with a recommendation, it would apply all across the board. But during the meetings of the committee, any time we ever got near to coming out with a formula for settlement, it was brought to our attention in a very forceful manner that the committee had not been set up to settle anything. In other words, when negotiations had ceased all across the board, pending the adoption of some formula by that committee, all the committee did in the last five weeks in the light of present-day events was to dangle a carrot in front of the workers' noses. Now they have not even the carrot to sniff.

So far as I am concerned, if at any future time I have anything to do with such a committee I will first go out and tell the workers of this country, "Beware of it; pay no more attention to parliamentary committees". If in a crisis such as this a parliamentary committee representing parliament itself has no power whatsoever when all other machinery has broken down, then I say this country is getting into a pitiful state.

Throughout the meetings of the committee the point which was brought to my attention most forcibly was that labour was dealt with as though it were a cost factor in production—nothing more and nothing less; that the question was considered from the point of view that the laws of this country must be applied when private interests are in danger. It was not a case of the law coming down and dealing equally with one person as against another. The law comes down to protect the formula that labour is a cost factor in production.

Time and again the question was asked, "If markets fall and if profits go down, will you accept a lower wage, in view of the fact that at the present time in the face of rising costs you are demanding a rising wage? In other words when production becomes too great will you accept a smaller wage?" Well, if that line of argument continues under our present basis, the powers that be are going to find, to their sorrow, that labour is not just a cost factor in production, but that it is a social force. After we had sat for five or six weeks in the committee, trying to solve present problems, a minister of the crown says in the house that strikes have got to the point where they will solve themselves. In other words, what you are doing is allowing natural forces in society to drift; nothing "is", it is always "becoming".

When you say that strikes are getting to the point where they will solve themselves, and when a Minister of Labour says that we do not need the type of legislation we are

asking for and that we should have the same relationship as they have in Great Britain, where employees and employers recognize each other—if you admit that, you will also have to admit that we shall have to go through the history of British labour-capital relations. For all we know, we may be at that point in Canada which Great Britain had reached in 1926—and you will have a general strike on your hands.

Labour at the present time recognizes that the key point is Stelco. If the boss wins there, it means that they have the entering wedge to wreck the whole labour movement in this dominion. And labour, recognizing that, will be forced to use its economic strength; because labour is better educated in this country than it ever was before. They recognize it, from coast to coast, and they will pull the pin on all industry. And remember this, that when a general strike breaks out it is not only an economic strike; it is a political force. Immediately it transforms itself into that, whether there be agitators then or not. Labour is forced to recognize that it is up against a state force—a state force that is saying, "You are a cost factor in production, and nothing more." When that comes out, what happens is that labour becomes politicized; it becomes a political force. Who gains control of that political force, we do not know. One thing we do know is that they will act in their own best interests, either slowly or with a great deal of speed as the case may be. That is the position labour is facing to-day. If a general strike is to come through the development of an unconscious drift in these affairs, I as a trade unionist and a member of the House of Commons will have to support it, inasmuch as it has been caused by the stupidity of government.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, the attention of the house should be called once again to some simple and straightforward truths about the matter we are now discussing. The industrial relations committee was asked by this house to deal with the present industrial unrest in Canada. While the terms of reference of the committee did not refer specifically to steel, it was clearly understood that therein was the most critical issue facing the country, and accordingly the committee devoted practically the whole of its time to the dispute with the steel companies. Surely it was the job of the committe to come to grips with that issue and make a report that would somehow settle the matter, but the simple fact is that the committee did not achieve a settlement of that dispute, nor has it made in its report to the house any recommendation that deals with the basic issue. The report contains in a platitudinous way some recommendations that are all to the good, but those recommendations are offset, at least in the view of some of us, by the recommendation in clause 6 which organized labour regards as a retrograde step.

I listened a moment ago to the hon. member to my right, with whose general position I do not agree, and I heard him speak most strongly in support of labour unions being permitted to run their own affairs without outside interference. I for one am not satisfied that the wording of clause 6 of the report will not violate that very principle. The recommendations of the report are either platitudinous or questionable. Further, the report has the outstanding liability that it does not deal with the basic issue in the steel dispute, the question of wages, whether the ten cent straitjacket is to be applied or whether higher levels are to be agreed to.

For this house merely to indulge in the oratory we have had for the last two or three days and to concur in this report would in my view be a failure on its part to do its duty. If we go home without making some definite decision, then the members of this house will be partly responsible for the situation which now obtains.

There are two things which this House of Commons should do. First, it should register a protest over the failure of the committee to do its job. I listened to the glowing accounts of harmony in the committee, the praise of the chairman and all that, but the simple fact is that there is before us no recommendation from the committee with reference to the matter at issue, namely wage rates in steel. As I say, one of the things that we in this House of Commons must do is to protest in the most effective way we can against the failure of the committee to do its job.

The other thing which I feel this House of Commons should do at this time is to place the responsibility clearly where it lies, namely, on the shoulders of the government. If we merely concur in this report and go home, we shall have provided an out for the whole situation, and it can then go on from bad to worse. It is my intention before resuming my seat to move an amendment to the motion before the house, designed to give this house an opportunity to do two things; to register its protest against the failure of the committe to do its job, and to call upon the government to accept its responsibility and measure up thereto.

When I speak of government responsibility it is pertinent to ask in what way that responsibility lies. As has been pointed out by the leader of this group and by others who

have spoken, that responsibility stems from the statement made by the Minister of Labour just before this strike broke out with reference to the ten-cent ceiling. I know we have had lots of argument as to the significance of it, but there it stands. That statement is being looked upon as government policy, a straitjacket or ceiling on wage increases. I shall not repeat the effective argument that was made yesterday by the leader of this group, the hon. member for Rosetown-Biggar (Mr. Coldwell), with respect to the completely unscientific nature of that ten-cent ceiling. We simply cannot understand the position of the government and its experts and officials who have gone into this matter in making that kind of proposal.

I suggest that government responsibility stems not only from the ten-cent ceiling which the minister gave but—

Mr. MITCHELL: Why can the hon. member not be decent and fair? I have never said anything about a ten-cent ceiling. I know it is all right for political purposes to say these things, but I am not going to take it from my hon. friend or anybody else in this house. I never said any such thing.

Mr. KNOWLES: Will the minister say that he has agreed that wage increases might be made in an amount greater than ten cents?

Mr. MITCHELL: I will say this to my hon. friend, if he wants me to make a speech, which I am not going to do at the moment. I will answer him when I make my speech. I know what he wants to do. The hon. member for Calgary West (Mr. Smith) took a statesmanlike view of the matter, but my hon. friend wants to play politics—that is all he wants to do—with industrial disputes. Let me say to my hon. friend that if ever he is unfortunate enough to have responsibility, and if he takes that attitude, well, God help the country.

Mr. KNOWLES: I am not impressed by the adjective "statesmanlike" that is applied to hon. members who agree with you, or with the phrase "playing politics" that is always applied to an hon. member who happens to disagree with you; they carry no weight whatsoever as far as I am concerned. In my view the position that we in this group are taking is the responsible position, and that is something the government has failed to do. I want to tell the minister—I am glad to know he is listening—that there is another basis for stating that in my view the responsibility for the troubles we are having, particularly at Hamilton, rests upon the government. I have no doubt that he will get to his feet before I am through with this. Yesterday on the orders of the day the hon member for Vancouver East (Mr. MacInnis) asked the Minister of Labour a question arising out of a telegram that he had received. He asked the minister whether or not he was behind the action of the management of the steel company in driving trucks in and out of the plant despite potential injury to life and limb. The minister's reply was to the effect that every man's home was his castle and that he regarded the right to go in and come out of a place of work in the same light. I do not take issue with that general statement, but the fact is that the kind of statements the minister has been making have had the effect of encouraging strike-breaking. Furthermore, they have had the effect of discolouring the situation as it exists at Hamilton. I was on the long-distance telephone to Hamilton myself about a quarter of an hour before the house met this morning. We have had telegrams continually and have kept in as close communication as we possibly could with Hamilton, and the information that is given to us is that at no time have the picket lines around that plant prevented ingress or egress of individuals in a normal orderly way. The trouble arises when large groups are moved in or out in a provocative manner, and I cannot help but notice the strange coincidence of these incidents taking place just now when this matter is being debated in the House of Commons. Many an individual I am told has gone in or out of the plant, and if individuals were to go in and out in an orderly way the workers who are inside the plant could come and go as much as they wish. The minister and the government generally by their attitude are helping to create the impression, and the press is responsible for it as well, that there is a group of lawless people among the strikers at Hamilton who are acting in such a way as to prevent the movement of people in and out of the plant without danger of bodily harm.

There are two reasons why the workers who are inside the plant at Hamilton do not want to come out. One is, of course, that they would not like their faces to be seen by their fellow workers. Any worker or trade unionist will know what I mean by that. The other reason that keeps these workers inside the plant is the triple pay they are receiving. When questions are asked about that, the minister's reply every time is to the effect that these people cannot get out, that they are kept in the plant by lawless strikers so-called, and that, I take it, is the reason why the government winks at this triple pay because it is thought that these men are com-

pelled to stay inside the plant. If the minister would be what he sometimes says he is, impartial; if he would not forever colour things against the workers, but give an honest statement of the situation as it stands, you would not have the kind of trouble that is there now. I suggest that the government's unwillingness to do anything about this triple pay underlines its responsibility for the present situation. The plant is now under government control. This means that the government, which has its wage ceiling policy, is a party to these greatly enhanced wage rates which the men inside are receiving. If that triple pay were stopped and it were generally known that the picket lines consist of individual persons between whom people can pass in and out, you would have the men coming out of that plant and going home in a normal way. Once they no longer were receiving triple pay, and once they had passed by the gaze of their fellow workers who are out on strike, some of them would not go back. That would make the situation a little more difficult for the company, but at least it would keep the law.

The situation is tense, but the kind of provocation that is going on at the present time involves the government in a responsibility on two counts. One is the general statement of government policy—the ten-cent limit—and the other is that the plant is now under government control, through a controller whose policies are provocative. When this situation obtains one cannot be surprised at questions, inflammatory questions if you wish so to describe them, being raised in the minds of labour. It is said that the purpose of the government is to uphold the price ceiling, but it is awfully hard to convince labour that that is the purpose of the government when in the steel industry itself a price increase of $5 a ton was granted. It is said that the thing the government fears most is inflation, and the Minister of Labour himself is most vigorous in his statements about the fear of inflation. Yet the situation as it is being allowed to develop is a much greater threat of inflation than a wage increase would be, even a greater increase than the steelworkers are asking. These professed motives seem so hollow to the workers, for the reasons I have indicated, that they get the notion that there must be some other purpose—that either the government is deliberately out to weaken the position of the organized workers, or that it is being used by those who have such ideas. In that connection let me say that the Minister of Labour a few days ago tabled the Card report in this house. As he knows, there were objections to the tabling of that report on the dispute between the international typographical union and certain newspapers, but the minister tabled it, despite the objections, at the request of the hon. member for Calgary West (Mr. Smith). I have before me a telegram from Miami, Florida, where the international typographical union is holding its eighty-eighth convention, which telegram contains a copy of a protest to the Minister of Labour signed by the Canadian delegates at that convention, protesting against the tabling of that report.

Mr. MACKENZIE: On a point of order, Mr. Speaker, it is completely out of order to cast reflections upon the proceedings of this house from an outside source.

Mr. KNOWLES: I had better read the telegram.

Mr. MACKENZIE: I object. The rule is specific. The hon. gentleman cannot quote a dispatch from an outside source reflecting upon the proceedings in this house.

Mr. KNOWLES: It does not reflect on the house. It reflects on the minister.

Mr. MACKENZIE: That is the same thing.

Mr. MITCHELL: I know what is in the back of my hon. friend's mind. I received the same telegram.

Mr. KNOWLES: Yes, this is a copy of the one he received.

Mr. MITCHELL: Mr. Finch, I am informed, is an organizer for the typographical union. He read the Card report himself, and indicated that he had no objection to its being made public. I have the same kind of wire as that to which my hon. friend refers.

Mr. KNOWLES: But this wire is signed by Mr. Finch himself.

Mr. MITCHELL: I have wired him too.

Mr. SPEAKER: According to the rules of the house, an hon. member is not allowed to read messages coming from outside the house reflecting on the proceedings of the house. The hon. member knows that it is a privilege to be a member of the House of Commons, and the opinions expressed in the house should come from the members themselves. The idea is not to have expressions used in a debate which come from one who is not a member of the house.

Mr. MacINNIS: Mr. Speaker, I would like to have that rule quoted because it is the first time in the sixteen years that I have been in the house that I have heard that objection raised. It may be there is such a rule in

Beauchesne's Parliamentary Rules and Forms, but I have never heard of its being invoked in this house until now.

Mr. MACKENZIE: That is the rule, just the same.

Mr. SPEAKER: I shall be very glad to give the standing order to the hon. gentleman in a moment.

Mr. MacINNIS: Mr. Speaker, when you rule a member out of order, the rule on which Your Honour bases his decision must be quoted.

Mr. SPEAKER: The hon. gentleman is perfectly right, but he will understand that it is not always possible for a member to have in his hands the document from which he would like to quote, and the Speaker of the house may be in the same position.

Mr. MacINNIS: But surely, Mr. Speaker, if you have not the order in your hand you cannot ask a member to sit down because of what is just in your mind.

Mr. MACKENZIE: The Speaker can always rule.

Mr. SPEAKER: I would refer to standing order 306, *Beauchesne*, second edition:

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

The rule is very clear, and I hope it will give satisfaction to the hon. gentleman.

Mr. MacINNIS: There is no "standing order" 306.

An hon. MEMBER: Citation 306.

Mr. MacINNIS: I was told that citations do not mean anything in this house.

Mr. SPEAKER: It is under standing order 41.

Mr. MACKENZIE: Marginal rule 306.

Mr. KNOWLES: Might I, to save time, say that I do not agree with the ruling, but I will accept it because it is really unnecessary to read the telegram. It is pretty evident from this discussion that the minister would not like it on record.

Mr. MACKENZIE: That is not fair. I want that withdrawn at once. The minister made no objection. I made objection as leader of the house on a question of the rules. The minister did not object and the hon. gentleman should in fairness withdraw the remark, if he is a sport.

[Mr. MacInnis.]

Mr. SPEAKER: I would ask the hon. member who has the floor to be satisfied with the ruling made by the Speaker, and not to make any reflection on the leader of the house.

Mr. MITCHELL: I insist on my hon. friend withdrawing that remark. I have no objection to anything he might say with respect to my department—

Mr. MACKENZIE: Within the rules of the house.

Mr. MITCHELL: —within the rules of the house. But he knows the rule as well as I do. I know he is trying to prove a bad case.

An hon. MEMBER: So you prejudge it again.

Mr. KNOWLES: Do the rules permit the minister to accuse me of playing politics with industrial disputes? If he will withdraw that, I shall have no objection to withdrawing my suggestion that he did not want this on the record.

Mr. MITCHELL: I still insist that my hon. friend withdraw his imputation.

Mr. MARTIN: Withdraw unreservedly.

Mr. KNOWLES: I think what I said is pretty mild. But if the minister will stop accusing me of playing politics when I am taking a responsible position, I am willing to call it square.

Some hon. MEMBERS: Withdraw.

Mr. MACKENZIE: The minister was right, and you are wrong.

Mr. KNOWLES: The telegram had to do with the Card report. May I now read from the Card report?

Mr. SMITH (Calgary West): No; withdraw first.

Mr. MITCHELL: Why not be a decent sport, and withdraw? I will put it on that level if it will satisfy my hon. friend.

Mr. COLDWELL: The minister said he would put it on the same level as you suggested.

Mr. KNOWLES: All right; that is agreed.

Mr. MITCHELL: I would ask my hon. friend to be decent and withdraw it.

Mr. KNOWLES: The report which was tabled in the house—

Some hon. MEMBERS: Withdraw.

Mr. KNOWLES: I am reading from a report tabled in the house.

Mr. MACKENZIE: Mr. Speaker, on a point of order, the hon. gentleman implied that my colleague the Minister of Labour (Mr. Mitchell) did not want this telegram produced. That is a reflection upon a minister of the crown, and I want it withdrawn.

Mr. KNOWLES: Well, I withdrew it about three times.

Mr. MACKENZIE: No, my hon. friend did not. He said he "agreed" but he did not withdraw specifically, without reservations.

An hon. MEMBER: Withdraw.

Mr. SPEAKER: I would ask the hon. member to comply with the rules of the house and be kind enough to withdraw that remark.

Mr. KNOWLES: Mr. Speaker, I bow to your ruling and withdraw the statement. The report which was tabled in this house, known as the Card report, includes in it this remark:

> During the sittings of the commission I said to the international representative that perhaps the ITU was getting too strong for its own good, and that in this dispute it appeared to me to be more interested in strengthening its own position than it was in looking after the interests of the members of the local union.

In another place in the Card report tabled by the minister, he said:

> . . . I am afraid Labour may without realizing it become so strong that they overlook entirely the fact that those with whom they deal must be treated fairly.

Now, Mr. Speaker, it is ideas such as that being put in reports of government commissioners and tabled in this house by a minister which arouse the suspicion of organized labour that the government is of the opinion that labour is getting too strong in certain places and that it is time something should be done about it.

The morning session is just about gone, and I have said that I intend to move an amendment. I wish to do so at this time, before one o'clock. As I indicated earlier, the motion before the house is as follows:

> That the second report of the committee on industrial relations, presented to the house on Saturday, August 17, 1946, be now concurred in.

I move in amendment, seconded by the hon. member for Mackenzie (Mr. Nicholson):

> That the words "be now concurred in" at the end of the question be deleted and the following substituted therefor: "be not now concurred in, but that this house record its opinion that the responsibility for Canada's present industrial unrest lies with the government. Further, this house calls on the government for a change in its labour policy and for the settlement of existing disputes on a basis of satisfactory wage adjustments and union security, with a view to the resumption of full employment for the welfare of the entire country."

Mr. MACKENZIE: Mr. Speaker, I should like Your Honour during the luncheon recess to consider the question that this is a complete negative and is therefore out of order. I have not got the rules under my hand at the moment, but in my judgment the amendment is not in order, and I would like Your Honour to be good enough during the recess to consider whether it is in order or not.

Mr. KNOWLES: Mr. Speaker, will you permit other members to speak to the point of order raised by the leader of the house, before you give your ruling?

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. KNOWLES: Is it the intention of Your Honour to rule on the point of order raised by the Minister of Veterans Affairs (Mr. Mackenzie)?

Mr. SPEAKER: I am ready to give my ruling. If the hon. member has a few words to say before I give my ruling I have no objection to hearing them.

Mr. KNOWLES: Before you make your ruling I wish to call your attention, Mr. Speaker, to the citation on the basis of which I drafted my amendment. I trust that I may have an opportunity to conclude my remarks after the point of order has been settled.

The citation to which I call Your Honour's attention is citation 340 of Beauchesne's Parliamentary Rules and Forms, third edition. Citation No. 339 is the one which says that a direct negative, though it may be covered up by verbiage, is out of order. I believe that was the citation to which the Minister of Veterans Affairs referred. But citation No. 340 reads:

> An amendment to alter the main question, by substituting a proposition with the opposite conclusion, is not an expanded negative and may be moved.

My contention is that my motion offers a substitute or alternative proposition to the one before the house. I admit that it would have the opposite conclusion in that its acceptance would mean the rejection of the report; but on the basis of the citation I submit that it should be regarded as in order.

Mr. SPEAKER: The motion under debate is one to concur in a report of a special committee of the house, and the amendment is as follows:

That the words "be now concurred in" at the end of the motion be deleted and the following substituted therefor:

"be not now concurred in, but that this house record its opinion that the responsibility for Canada's present industrial unrest lies with the government. Further, this house calls on the government for a change in its labour policy and for the settlement of existing disputes on a basis of satisfactory wage adjustments and union security, with a view to the resumption of full employment for the welfare of the entire country."

When a motion is made for concurrence in a report from a select committee, it is competent for the house to adopt it, reject it, refer it back to the committee with or without instructions, or decide that consideration of the report will take place "this day six months," as the hon. member can see by referring to Beauchesne's Parliamentary Rules and Forms, third edition, which cites a decision given by Mr. Speaker Rhodes on May 22, 1919, and reported at page 689, and at page 203. It will be noted that the amendment does not come within the limitation of the rule cited. Moreover the amendment raises a question which can be raised only by a distinct motion after notice, as the hon. member may see by referring to the decision rendered by Mr. Speaker Glen on May 21, 1940, as reported at page 647. For these reasons I rule the amendment out of order.

Mr. KNOWLES: Mr. Speaker, for the reasons which I indicated previously I am of the opinion that my motion was in order, but I have no alternative but to accept your ruling on the amendment, which I take it is not now before the house.

I have just one or two comments to make, and I shall conclude my remarks. After an interjection that was made this morning by the minister I felt that I should say one more word about this question of responsibility. It is frequently said that in this debate some speeches are statesmanlike but others display irresponsibility. It is precisely because we feel there has been irresponsibility on the part of the government with respect to dealing with this whole question that we are putting up this fight at the present time.

The dispute has gone on now for a good many weeks; it is curtailing the economy of the country; it is resulting in all sorts of shortages, which are serious, with reference both to the building of houses and to other matters, and it is tending to bring about inflation. Therefore we feel very keenly that the house should call upon the government to face more seriously its responsibilities in this matter. Since there is no amendment before the house but only a motion made by the chairman of the committee, I move, seconded by the hon. member for Mackenzie (Mr. Nicholson) an amendment to the motion within the terms of the citation which Your Honour has just read and within similar provisions found in citation 570 of Beauchesne's Parliamentary Rules and Forms, third edition, which citation reads as follows:

When the motion to concur is proposed the report may be referred back to the committee for further consideration or with instruction to amend it in any respect.

That seems to be quite clear. It is parallel to the citation which Your Honour read a moment ago. Let me repeat it for emphasis:

When the motion to concur is proposed—

That is what we have before us, the motion of the hon. member who is the chairman of the committee, for concurrence in this report. I continue with the citation:

—the report may be referred back to the committee for further consideration or with instruction to amend it in any respect.

Therefore I move:

That the words "be now concurred in" at the end of the question be deleted and the following substituted therefor:

"be referred back to the committee with instructions to amend it so as to recommend specific changes in the wage and labour policy of the government which would enable the settlement of existing disputes on a basis of satisfactory wage adjustments and union security."

I submit, Mr. Speaker, that this amendment is clearly within the terms of the rule which Your Honour has just read with respect to the other amendment which is not now before the house. I submit also that it presents the house with the crux of the issue in the steel strike which is now before us, and I urge the house to support this amendment.

Mr. MACKENZIE: I rise to a point of order. After consideration Your Honour ruled the former motion of the hon. gentleman out of order. It was on exactly the same principle as the proposed amendment. I suggest that this new amendment is out of order, for the reasons I gave before the luncheon recess.

Mr. KNOWLES: On the point of order, I suggest that the citations you mentioned before do not cover this amendment at all. This resolution is clearly and positively provided for in the very citation Your Honour read; that is, citation 570.

Mr. MACKENZIE: The rule of parliament is obvious; that is, that an expanded negative is not allowable. The motion of the hon. gentleman now is in exactly the same terms as the motion he moved before the luncheon recess—that the report be not concurred in. There is one way for parliament

to express its wishes, and that is to vote for or against concurrence in the report of the committee. This motion is that the report be not now concurred in, which is an expanded negative and therefore against the rules of the house.

Mr. HANSELL: I do not have Beauchesne with me, and I cannot quote from Beauchesne—

Mr. MACKENZIE: May I send Beauchesne to you?

Mr. HANSELL: Thank you, but it is a bulky volume. I am not going to quote any citation; I am simply going to appeal to the common sense of members of parliament. Surely it is within the rights of this house to send a report back to the committee for reconsideration and revision, and that is all the amendment says, Beauchesne or no Beauchesne.

Mr. COLDWELL: Mr. Speaker, I think the rule in citation 570 is perfectly clear on this point, that when a motion to concur is proposed the report may be referred back to the committee for further consideration or with instructions to amend it in any respect. That is exactly what this amendment does.

Mr. MACKENZIE: But that has been ruled upon already. That is my point.

Mr. COLDWELL: I do not think there is any doubt about it; we have the right to refer a report back to the committee.

Mr. REID: Does not the amendment contain a specific direction? It does not merely refer back the report; it says what the committee must do.

Mr. COLDWELL: Listen to citation 570 again:

> When the motion to concur is proposed the report may be referred back to the committee for further consideration or with instruction to amend it in any respect.

Mr. MACKENZIE: But the house has ruled on the point to-day.

Mr. GILLIS: If I may say a word on the point of order, the Minister of Veterans Affairs (Mr. Mackenzie) contends that the house has already ruled on this amendment, and that the principle of this amendment is exactly the same as the principle of the first amendment. That is not correct. The first amendment cut out the report completely and referred the whole matter of labour disputes to the government.

Mr. MACKENZIE: May I interrupt? The language of the first amendment, which was ruled out of order by Mr. Speaker, was that the report be not concurred in. In the amendment now proposed the language is the same; that the report be not concurred in.

Mr. KNOWLES: That is only the preamble.

Mr. MACKENZIE: No, that is an expanded negative, according to the rules of the house.

Mr. GILLIS: The preamble may be in the same language, and it is necessary that it should be; but the principle is not the same. One amendment was to cut out the report and send the matter back to the government.

Mr. MACKENZIE: The words are the same.

Mr. GILLIS: Under this amendment the committee has not completed its work, in the opinion of this group, and we are merely referring the report back to the committee with instructions to complete the work the committee was set up to do, which is a completely different principle.

Mr. MACKENZIE: An expanded negative.

Mr. KNOWLES: May I ask for the attention of the Minister of Veterans Affairs to this point? Both amendments are the same in this sense, that they both ask for the deletion of the same words, and that seems to be as far as the minister has read. I am sure he can read further than that. It is in what is substituted for the deleted words that there is a radical difference.

Mr. SPEAKER: Order. The hon. member who moved the amendment said, and he was perfectly right, that in my ruling quoting Beauchesne I stated that when a motion is made for concurrence in a report from a select committee it is competent for the house to adopt it, reject it, refer it back to the committee with or without instructions, or decide that consideration of the report will take place "this day six months." However, I would call the attention of the hon. member to Beauchesne, third edition, citation 407:

> An instruction is a motion empowering a committee to do something which it could not otherwise do, or to direct it to do something which it might otherwise not do.

The amendment proposed by the hon. member is to refer the report back to the committee in order that the committee may do something which he suggests should be done. The committee had power to do that before it presented its report to the house, but the committee did not do it. So according to citation 407 of Beauchesne I believe the motion is out of order.

Mr. KNOWLES: Mr. Speaker, would you permit me to read the rest of citation 570—

Some hon. MEMBERS: Order.

Mr. KNOWLES: On the basis of citation 570 I appeal your ruling.

Mr. SPEAKER: I must ask the hon. member to resume his seat. The hon. gentleman will admit that I have had to be pretty severe in the past in requiring hon. members to abide by the rule that decisions of the speaker are not debatable. I have not permitted other hon. members to contravene that rule, and I cannot permit the hon. member to do so.

Mr. KNOWLES: With all due respect, Mr. Speaker, I appeal your ruling.

Mr. SPEAKER put the question as follows:

The question before the house is an appeal from a ruling given by the Speaker on the amendment proposed by Mr. Knowles, seconded by Mr. Nicholson:

That the words "be now concurred in" at the end of the question be deleted and the following substituted therefor:

"be referred back to the committee with instructions to amend it so as to recommend specific changes in the wage and labour policy of the government which would enable the settlement of existing disputes on a basis of satisfactory wage adjustments and union security."

The motion was declared out of order because it was in the form of an instruction empowering a committee to do something which it already had the power to do.

The house divided on the question: Shall the Speaker's decision be sustained? And the decision of the Chair was sustained on the following division:

YEAS

Messrs:

Abbott
Arsenault
Aylesworth
Baker
Beaudoin
Bertrand (Prescott)
Blanchette
Boivin
Bonnier
Bourget
Bradette
Bradshaw
Bridges
Brown
Cardiff
Cardin
Case
Church
Cleaver
Cloutier
Cockeram
Coté (St. Johns-Iberville-Napierville)
Coyle
Croll
Daniel
Dechene
Denis
Desmond
Dion (Lake St. John-Roberval)
Dionne (Beauce)
Dorion
Douglas
Emmerson
Eudes
Farquhar
Ferguson
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Gariépy
Gauthier (Nipissing)
Gauthier (Portneuf)
Gibson (Hamilton West)
Gingues
Gladstone
Glen
Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Hallé
Harkness
Harris (Grey-Bruce)
Hatfield
Hazen
Henderson
Homuth
Howe
Isnor
Jean
Kirk
Lacombe
Lafontaine
Lalonde
Langlois
Lapointe
Laurendeau
Lennard
Lesage
McCann
McCubbin
Macdonald (Brantford City)
Macdonald (Halifax)
McDonald (Parry Sound)
McIlraith
McIvor
Mackenzie
MacKinnon
MacLean
McLure
MacNaught
MacNicol
Manross
Marier
Marquis
Martin
Matthews (Brandon)
Maybank
Mayhew
Menary
Michaud
Mitchell
Mullins
Murphy
Mutch
Nixon
Pouliot
Reid
Richard (Gloucester)
Richard (Ottawa East)
Rinfret
Robinson (Bruce)
Robinson (Simcoe East)
St. Laurent
Sinclair (Ontario)
Sinclair (Vancouver North)
Sinnott
Smith (York North)
Stephenson
Stokes
Tucker
Viau
Warren
Webb
White (Middlesex East)
Whitman
Winkler
Winters—118.

NAYS

Messrs:

Archibald
Barrett
Bentley
Black (Cumberland)
Blackmore
Blair
Bowerman
Brooks
Burton
Campbell
Castleden
Coldwell
Cruickshank
Diefenbaker
Fair
Fleming
Fraser
Fulton
Gibson (Comox-Alberni)
Hackett
Hansell
Herridge
Hlynka
Hodgson
Irvine
Jaenicke
Johnston
Knight
Knowles
Kuhl
Low
McCuaig
Macdonnell (Muskoka-Ontario)
McGregor
MacInnis
McKay
Merritt
Moore
Nicholson
Probe
Quelch
Ross (St. Paul's)
Skey
Smith (Calgary West)
Stewart (Winnipeg North)
Stirling
Townley-Smith
Wylie
Zaplitny—49.

PAIRS

(The list of pairs is furnished by the chief whips).

Messrs:

Beaudry
Belzile
Benidickson
McCulloch (Pictou)
Breithaupt
Brunelle
Claxton
Maloney
Gardiner
Lapalme
Jutras
Weir
Adamson
Pearkes
Marshall
Boucher
Harris (Danforth)
McMaster
Tustin
Drope
Ross (Souris)
Héon
Shaw
Thatcher

Mr. BELZILE: I was paired with the hon. member for Nanaimo (Mr. Pearkes). Had I voted I would have voted to sustain Your Honour's decision.

Mr. TREMBLAY: I was paired with the hon. member for Vancouver South (Mr. Green). Had I voted I would have voted to sustain Your Honour's ruling.

Mr. LEGER: I was paired with the hon. member for Haldimand (Mr. Senn). Had I voted I would have voted to support Your Honour's ruling.

Mr. STUART (Charlotte): I was paired with the hon. member for Lambton West (Mr. Murphy). Had I voted I would have voted to support Your Honour's ruling.

Mr. BRACKEN: I was paired with the Prime Minister (Mr. Mackenzie King). Had I voted I would have voted against Mr. Speaker's ruling.

Mr. GRAYDON: I was paired with the Minister of Finance (Mr. Ilsley). If I had voted I would have voted against Your Honour's ruling.

Mr. CASSELMAN: I was paired with the Minister of Transport (Mr. Chevrier). Had I voted I would have voted against Your Honour's ruling.

Mr. JACKMAN: I was paired with the hon. member for Bellechasse (Mr. Picard). Had I voted I would have voted against Your Honour's ruling.

Mr. CHARLTON: I was paired with the hon. member for St. Ann (Mr. Healy). Had I voted I would have voted to sustain Your Honour's ruling.

Mr. GILLIS: I was paired with the hon. member for Inverness-Richmond (Mr. McGarry). Had I voted I would have voted against Your Honour's ruling.

Mr. ROWE: I was paired with the hon. member for Quebec West and South (Mr. Parent). Had I voted I would have voted against Your Honour's ruling.

Mr. JAQUES: I was paired with the hon. member for Matapedia-Matane (Mr. Cote). Had I voted I would have voted against the speaker's ruling.

Mr. NORMAN JAQUES (Wetaskiwin): Mr. Speaker, I was not a member of this committee, but I should like to make a few general remarks on the subject of industrial relations and unrest. First of all, I should like to say that I have no intention of trying to embarrass the Minister of Labour (Mr. Mitchell). Whether or not we agree with him, I think we all feel, or at least we should feel that he has a most responsible position and is carrying out a very thankless task. I do not profess to be a labour expert, so my remarks are going to be quite general in character. I have always felt that the Minister of Labour has the most difficult job in the government, and I think he comes in for more criticism than almost any other minister. This criticism is mainly by those who not only do not occupy positions of responsibility but have never occupied responsible positions. As I say, whether or not we agree with him he is entitled at this time to the sympathy of the house and the country at large.

It was the hon. member for Calgary West (Mr. Smith) who opened the debate, and I have heard most of the speakers who followed him. My object in rising now is to speak on behalf of that section of labour which is more or less silent.

I gathered from remarks of previous speakers that labour is socialist or at least in favour of socialism. The C.C.F. group certainly assume that, but I have no real means of finding that out for myself, except that a year ago at the general election, if I remember aright—and correct me if I am wrong—the socialist candidates lost every deposit east of Winnipeg but one. That is to say, industrial Canada, the Canadian workers, when they had an opportunity to vote secretly, registered in no uncertain way the fact that they do not want to be under a socialist economy in Canada.

Mr. PROBE: You would not like to bet that that will last, would you?

Mr. JAQUES: At the present time I am not making any comments on that. I merely state it as a fact. The reason I think that the Canadian workers have not yet fallen for socialism is that they value their individual freedom too much. I would like to make it perfectly clear that I am just as much a friend of labour as anyone in this house, and I certainly would fight for the right of the workers to strike. But it seems to me that if things continue as they are going to-day it is only a question of time when immediately there is a strike the government will be asked or told or commanded to step in and settle the strike. That is not my idea of freedom. Surely if it is the workers' right to strike, it is the workers' right to settle a strike, unless it happens to be that if the strike continued there would be a national emergency such as was created this summer when the railway men in the United States struck. But generally speaking I respect the workers' right to strike as their most valuable freedom. Once they lose that, it seems that their freedom is gone.

The end of socialism is, of course, complete government ownership and government con-

trol, and wherever you have that, there can be no strikes and there can be no unions in the sense that we know them. Therefore I defend the right of the workers to contract out. I defend the right of everybody to contract out. If they do not like a job or a situation it is their privilege and their right to contract out of it and not to be compelled to accept conditions which they do not care to accept.

There is no doubt that there is and has been in the Liberal party and in the Conservative party a trend towards socialism. So far as the Liberal party is concerned I put it down to the fact that the economic advisers of the Liberal party are and have been for a considerable time recruited from the London school of economics, which is purely a socialist training school. It was founded by Fabian socialists and it was financed by German international finance. That London school of economics has supplied the economic advisers at the present time and for some time past for the Liberal party. I read an editorial on a speech made by the Hon. Mr. Crerar the other day in the senate. He seemed to regret the passing of the old-time Liberalism. Well, where you have Liberal policies founded on the ideas of such men as Harold Laski, Mr. Rasminsky, Doctor Marsh and the rest of the London school of economics, you certainly do have a departure from the old Liberal school.

I should like to make a few remarks on a free economy. These ideas are not new, but they are worth repeating, and they are certainly pertinent to the subject under discussion.

If free to do so producers always try to sell dear and consumers always try to buy cheap. These instincts are as old as the human race and I suppose they will continue to the end of the chapter. For example, every workingman, who is a producer in the sense that he sells his labour, naturally sells his labour for as much as he can get for it. The wife of every workingman is a consumer and if she is a good housewife she tries to buy as cheaply as possible, or at least she sees to it that she gets either the most or the best for her money. When prices fall, consumption is stimulated but production is discouraged. At what level will most goods be produced and consumed? When you have a rise in prices, production is stimulated but consumption is discouraged. But for every commodity every day of the year there is a point where production and consumption meet one another on an equal basis. That point can only be determined as a result of the day to day transactions of millions of buyers and sellers meeting and doing business freely with one another. This is the point of greatest production and greatest consumption, and this is economic democracy. Whenever governments or monopolies of producers or of labour fix prices, rents, dividends or wages above or below that free meeting point, production and consumption get out of balance and we get what we have to-day, a general economic paralysis. It stands to reason that the millions of individuals who comprise the nation can judge for themselves what prices they will pay for how many and what kind of goods they want, and consequently how many goods should be produced. Everybody knows that, and each individual is the only person who can know it. Every individual knows what he wants, and every individual knows what he wants to pay, and the individual is the only person who can know that; everybody else can only guess. That is the free market; and whenever governments interfere to control a free market, whether it be in the field of production, consumption or labour, the result is always the same, a loss of human liberty and human happiness and satisfaction. The only alternative to the free market is an iron control over every phase of the nation's life by the gestapo and the concentration camp, and that is the history of socialism, applied socialism as it has worked out in Europe, the only place in which it has been worked out. In a free market, if one charges too much and buying falls off, competitors will charge less or offer a better product and so take the market away from him. A free market is a democratic market; it is a continuous meeting where every citizen every day votes with his or her dollars what he wants and what he wants produced. His dollars are always looking for the best bargain, that is the best and the most for the least expense. This forces the producers to offer the best or the most for the money, or go out of business to make room for those who do. The result is an ever-rising scale of living, and that is why the freer the country the higher its standard of living, and that is why the living standards are low in dictator countries; that is the reason to-day for the tie-ups in such industries as building. All the way down the line, industry is held up because producer and consumer cannot meet in mutual agreement as buyer and seller but must wait on the dictates of some bureaucrat who has no real or personal interest in the matter.

So much for a free economy. I believe the sooner we get back to a free economy the sooner we shall bring real prosperity and happiness to the people of Canada.

A few words about the communist influence in industrial unrest. As I say, I was not a member of this committee, so my remarks do not apply specifically to this committee. I am making general remarks which I can back up with statements by people in authority. I should say, of course, that labour is very largely international to-day, and certainly most of the Canadian labour unions are either controlled by or affiliated with the labour unions of the United States. If that is incorrect perhaps the Minister of Labour (Mr. Mitchell) will correct me.

Let me quote the Attorney General of the United States, speaking this summer to the Canadian Bar Association:

No one but a crackpot can be deluded by what we see going on to-day. One of the greatest dangers in my opinion to the civil liberties of our fellow citizens, and one which should be taken literally by all the members of our profession, is the method of communism and fascism to shackle democracy by indirection. We know there is a national and international conspiracy to divide our people, to discredit our institutions, and to bring about disrespect of our government. We know full well what communism and fascism practise,—sometimes one taking the cloak from the other. We know that in the black bible of their faith they seek to capture the important offices in the labour unions, to create strikes and dissensions, and to raise barriers to the efforts of lawful authorities to maintain civil peace. I am told that in the councils of many labour unions, wherein deliberations are screened from the public, identical tactics, staged with acute skill, are used to disrupt, disconcert proceedings in the hope that the communists or fascists—for I see no difference in them—may achieve final power. Small groups of radicals, well coached in a prearranged plan, are using party line methods in identical activity so that they can speak to the people as a whole, not in open avowal of their aims, but with the voice of the honest working man. No country on earth and no government can long endure this vicious attack. I say to you that they are driving law enforcement in this country to the end of its patience. They are driving good Americans to the end of their patience.

That was the statement of Attorney General Thomas Clark, of the United States of America. Then there is a statement I should like to read which I take from the committee of un-American activities of the Congress of the United States, printed in Washington, 1946, page 48:

A majority of ill-informed members of industry, finance, education and religious institutions sneer at the power and progress of the communist party in the United States. These same individuals often point out that the communist party is a legal party and not a member of a subversive movement and is merely the expression of a small alien minority. To indicate the extent to which these persons have been misled by the propaganda agencies operating under the guidance of communists and fellow travellers in America, we present the statement made by Joseph Stalin, nominal head of the communist party in Russia and the dominant figure of the movement throughout the world.

This is Premier Stalin's statement:

"I consider that the communist party in the United States of America is one of the few communist parties to which history has given decisive tasks from the point of view of the world revolutionary movement. The revolutionary crisis has not yet reached the United States, but we already have knowledge of numerous facts which suggest that it is aproaching. It is necessary that the communist party should be capable of meeting the moment of crisis fully equipped to take the direction of future class wars in the United States of America. You must prepare for that, comrades, with all your strength and by every means you must constantly improve and bolshevize the American communist party. You must forge real revolutionary leaders of the proletariat who will be capable of leading the millions of American workers towards the revolutionary class wars."

This statement has never been repudiated and is officially recorded on page 17 of house report No. 2 of the 76th Congress.

The real communist threat is not from the few members of the communist party who are honest enough to declare their true colours, but from the innumerable what I call "fellow-travellers". They remind me of the unfortunate people who carry typhoid. They do not have the disease themselves, but they spread it. There are a lot of people who may not be communists in the full sense of the word, but they spread a lot of communism.

The hon. member for Calgary West said something about the spread of socialism and communism, but I did not hear him say anything about stopping the spread of it. He did complain of the newspapers. He said they were always ready to strangle the birth of a new idea. I have not heard any new ideas expressed in this debate. There is nothing new in socialism. It is as old as slavery. The hon. member for Calgary West comes from the province which did give birth to a new idea.

An hon. MEMBER: A miscarriage.

Mr. HERRIDGE: A still-birth.

Mr. JAQUES: No, it is still living. The hon. member for Calgary West has gone out of his way to try to strangle that idea. Social Credit is a new idea and I say that it is the only answer to socialism. I should like to quote from an article by John T. Flynn in the *Times-Herald* of April 23, 1944. This article deals with what has come to be known as the "smear bund". It is the cover behind which the communists do their work. Their method, of course, is to smear anybody who is really active in opposing communism. This is a book which is called "Under Cover" and written by a man by the name of John Roy Carlson.

The article says that this book, due to unprecedented plugging, has sold nearly one million copies.

Mr. PROBE: The hon. member is not the author? This is not a sales talk?

Mr. JAQUES: No, I am not selling it, but I shall open the eyes of the hon. member if he is not entirely blind. Here are some notes I took from this article:

Who is the real author of "Under Cover", the well-known smear book? On the cover of the book is the name—John Roy Carlson, but who is John Roy Carlson? Where did the smear bund dig him up? The author of "Under Cover" admits using Carlson as a pen name. But Carlson is only one of several pen names. His real name is Avedis Boghos Derounian, an Armenian immigrant. The name of the author of "Under Cover" is given as Derounian, alias Carlson, alias Paige, alias Decker, alias Pagnanelli, et cetera. But the real author is the communist smear bund. By means of Carlson and other hired hands, such as Walter Winchell and using "patriot" as an alias, the bund's purpose is to smear, as agents of Hitler, any native Americans of untarnished reputation, loyalty and eminence who actively oppose communism and internationalism. In 1935 Carlson edited a communist sheet mainly to extol the bolshevik conquest of his native Armenian home, smearing all who did not agree with his employers. In 1938 he was hired by the anti-defamation league and later by the "Friends of Democracy" as one of their numerous pimps. He went around people suspected of anti-semitism, encouraged them to make slurring remarks and then reported the remarks to his blackmailing employers as samples of anti-semitism. He issued an anti-semitic sheet of his own containing the vilest attacks on the Jews in order to needle people to say anything he could report to the alien racketeers who paid him.

"Under Cover" pretends to expose a number of subversive groups in America, but it never once mentions the activities of such people as those exposed by our own Royal Canadian Mounted Police. The very purpose of the book is to keep communist spies and agents under cover. The methods are the usual smear employed by communists and fellow travellers, and by the anti-defamation league. The technique is that used by all blackmailers—to compromise decent honourable people by associating them with those guilty of the offence with which they intended to smear their victims. In "Under Cover" the victims were the opponents of internationalism, communism, and the opponents of certain new dealers.

[Mr. Jaques.]

Carlson was hired by the "Friends of Democracy", operated by Rex Stout, former editor of the *New Masses* and Leon Birkhead, both active communist workers.

So much for John Roy Carlson. Blackmailers are rightly detested as most odious and dangerous criminals. They are character assassins preying on the respectable, but vulnerable, members of society. Private citizens are protected against blackmail by most severe and drastic penalties. Men in public life enjoy no protection against such blackmailers as the Carlsons, Winchells, and their employers, the communists, the anti-defamation league, the political zionist leaders, all working to defeat the ends of justice, freedom and Christianity, silencing or disarming their opponents by smearing them with fascism and anti-semitism. Honest and sincere patriots must face these blackmailers or abandon their principles.

To give you some idea of the extent of the activities of these subversive agents, let me quote the words of the national director of the anti-defamation league, referred to by Mr. Flynn in the article in the *Times-Herald*:

The programme of education we have developed covers every media for improving the human mind.

Improving the human mind!

In several fields which have engaged the league's attention we have developed the outstanding agencies of America. We have the greatest speakers' bureau ever organized in this country. We have the outstanding radio programmes in all the history of American radio.

Such as Walter Winchell I suppose.

We have the most effective book placement bureau in the entire nation.

Including "Under Cover." Finally, they have succeeded in organizing to convert the world to internationalism and totalitarianism, according to the doctrines of Karl Marx, the psychoanalysts and the political zionists.

Mr. DEPUTY SPEAKER: Order. I have hesitated to interrupt the hon. member, but in his opening remarks he stated that he was going to show the influence of communism in industrial unrest. I should draw his attention to the fact that the house is considering the report of the industrial relations committee. A general discussion of communism would not be in order at the present time, and I would ask the hon. member to relate his remarks to the motion now before the house.

Mr. JAQUES: My point in bringing up that matter is that all the speakers I have heard during this debate have ignored the

activities of the communists, and I hoped to show the extent of the communist movement in the United States and in Canada.

Mr. DEPUTY SPEAKER: May I ask the hon. member to relate his remarks respecting communism to industrial unrest and the motion before the house. A general discussion of communism would not be in order at the present time.

Mr. JAQUES: I thought I had made the point that a great deal—I would not like to say how much—of the industrial unrest in North America, which would include Canada, is due directly to the propaganda and active work of communists. They work under cover, and I was trying to take off the cover in order to expose this thing for what it is. That was my only purpose, but now I am through with the communists.

Before I sit down I should like to be a little constructive. Having been a little critical so far I should like to close my remarks in a constructive way. I should like to reiterate something I said in an address not long ago, dealing with the solution of these problems of industrial unrest. I speak in the most general way, because I am not referring to any particular strike, such as the steel strike, or even to Canada alone. I am speaking of industrial unrest all over the North American continent or, if you like, all over the world. It is not a question of capitalism or socialism; of "cartelism" or communism. Capitalism of itself, is no cure for socialism, any more than socialism is the cure for capitalism; the blind cannot lead the blind. The truth lies between the extremes of right and left. It is not a question of peace based on full employment. We face a new age; not merely a machine age, but a power-machine age. That means an age of increasing leisure, not of increasing employment. We cannot reverse our program; we must not confuse means with ends. The real purpose of industry is to create goods and service, not jobs. As Ruskin said, "consumption is the crown of production."

We face an age of real plenty and, therefore, we cannot remain slaves of a money economy which was developed during the ages of real scarcity. We dare not prolong our orthodox, but obsolete, financial system of sound, scarce, money by creating artificial scarcities of goods. Our money must reflect facts, not fallacies. Dollars are economic ballots, and when we spend dollars we are voting for the reproduction of what we buy. In this way only can the people plan and obtain the goods and services they really want to have. But by their "planned economy' the socialists would dictate to the people what, when and how much they should consume. Socialists condemn profit, but defend interest. The financiers and socialists—Shylock and Marx—are monopolists; they plan to centralize the control of the production of money and of goods. If we are to have world peace, "foreign trade" must be regarded as trade, an exchange of what we cannot consume for what we cannot produce. Favourable trade balances are a fallacy, and the struggle to obtain them has been a main cause of wars in the past. If we are to be really free, all our citizens must be regarded as shareholders of the nation as a going concern and, as such, entitled to share in the national profits, distributed by means of national dividends. Taxation should not be imposed for revenue, but for the purpose of regulating the supply of money. Governments might lend but should never borrow. To say there is only so much money is equivalent to saying there are only so many tons, or miles. The poor are not poor because the rich are rich; that is another socialist fallacy. There is plenty for all. We have solved the problem of production, we must now solve the problem of distribution, or perish in the attempt. We cannot serve two masters; we cannot serve God and usury. If we value anything more than freedom we shall lose our freedom.

Mr. T. L. CHURCH (Broadview): Coming from the industrial district in Ontario where the trade union movement in Canada started, I wish to say a few words this afternoon in connection with these proposals. Some have complained that the day is being wasted. That is not so. Peace in industry is the greatest problem facing this parliament. That is what parliament was called together to consider last March. Some of those to my left, the C.C.F., have been pleading the case for the farmer and agriculture, and in some respects it may be fairly said they forgot all about the industrial workers of the cities and towns of this country, who are employed in these heavy industries which have done so much for this country. This committee was appointed to establish peace in industry. That was a large order, because after every great war we have had the same dislocation of labour and of trade and industry and commerce. I would not be altogether prepared to say it was the fault of the government. In fact it would be very unfair to say that, because the textbook writers after all great wars have agreed for the last hundred years that this may or may not be so.

Hon. members on this side of the house have always been a trade union party, so far as I have known them. We are the only real

protectionist party in the house—national protection for labour, protection for the farmers, protection for agriculture and for industry, protection for trade and commerce, for retail stores and for manufacturers of all kinds, and national production brought up to date to meet the spirit of the age and time. Our maxim has been: our own work for our own workmen; our own markets for our own products. Those are the two cardinal principles which have built up this country.

As an hon. member who entered this parliament several years ago, it is my belief that the committee deserves the thanks not only of the House of Commons but of the government of the country and of labour and industry for the work it did. I do not agree with everything contained in the report as far as it goes, because it is well known that after every great war there has been industrial unrest in Canada and the world over.

The committee was given power to call witnesses and to examine them on oath. The Addington administration in 1801 faced industrial strife and faced unrest. They faced it in the dark days of the industrial revolution in England. They faced it in that old town hall in Birmingham, which was somewhat destroyed a while ago, where John Bright and Joseph Chamberlain and all those great men and orators who had something to do with the redeeming the lot of the workers of that land, had their say. That was the condition at the time of Shaftesbury, in 1847—in those days the intolerable conditions among the working classes after the industrial revolution in the thirties led to labour and social reforms all along the line. One has only to read Green's "History of England" to understand the terrible state of affairs in those days, a time when women, and children of only eight or nine years of age, were working down in the mines, taking out the coal, in a living tomb with disease rampant. Trades unionism was a blessing to the land.

The city of Toronto has been a pioneer in its relations with labour. We have a splendid body of manufacturers who developed the industrial side of the city, and who comprise some of our leading and most patriotic citizens. We have, on the whole, as heads of our labour movements sane and sensible labour men. I had to aid in settling about twenty or thirty strikes, large and small, following the last war and during it. I remember a strike of the old Toronto Street Railway, and during the strike I appealed to the greatest labour leader this continent ever produced, Mr. Samuel Gompers, who at that time was president of the American Federation of Labour. He came to our city and the strike was settled in about half a day. He advocated that the strikers be law-abiding, that they carry out peaceful picketing, and carry out their other duties peacefully, in a lawful manner. He appealed to other classes in the community to use sanity, a spirit of good will and wisdom, not to make inflammatory speeches, not to attack industry, and not to attack the police force. He said that police officers were only doing their duty as they saw it in the various cities of our country.

I was police commissioner and chairman of the board for many years in Toronto, and I can say that we had very little of that kind of trouble. For many years in the house I have been advocating a national policy for labour in Canada and for peace in industry. The report of the committee deals with many important matters. Indeed I believe it is the most important labour document we have had since the days of the Bennett administration. If there was one administration in this country which stood up for the industrial workers in the cities and towns of Canada and also for the white-collar workers; if there was one administration which was the pioneer of this type of document for the benefit of the working classes, it was the Bennett administration, which set up the committee on price spreads which investigated these matters and brought down an important report and led to splendid reforms to improve the lot of the toilers and of industry and private enterprise, the creator of employment.

We have had collective bargaining in Canada for some time; they had it in England after the last war and before it. I do not believe altogether in section 6. I appreciate fully what was said by my hon. friend and brother party member who has done so much of this work, the hon. member for Calgary West (Mr. Smith). I remember him when he was a student in our city, and I know he was interested in this problem even in those days. He is a most warm-hearted man, and one who takes part in many spheres of activity to aid the common man, for whom he has a profound sympathy. He is a man who deserves to be listened to, and one who has won the esteem not only of the people of western Canada but of people throughout the country. I agree with him when he claims "the right for every man to run his own life in his own way." That is what I have been contending for, and that is what the price spreads inquiry contended for. I would rather under section 6, see the chief electoral officer handle a vote in industry in this matter than the Minister of Labour who has had such a hard task after a gigantic war. We have a chief electoral

officer, and all of us have had something to do with him. I believe he should be placed in charge of the balloting in industry. No matter what his politics are, he has always given each of us a fair and decent show. I believe the chief electoral officer would avoid government interference and so aid the Minister of Labour.

As a friend of labour, in some respects I am sorry to see this recommendation in section 6, because to a great extent these industrial disputes are matters for the consideration of the government. I have had experience with many such disputes, probably as many as any other hon. member now in the house—but perhaps not as many as the Minister of Labour, with his vast labour experience, because he was in the labour movement for many years, in two cities—Hamilton, and where he is now. I have followed his career with interest.

I can tell you this, that we shall never have peace in industry in this country until we have a national policy for labour and for industry. I have, since 1922 advocated such a national policy of protection to solve all our economic problems from the Yukon to the maritime provinces. I have recommended a national policy for labour, a national policy which should provide protection bonuses, subventions and subsidies on grain, coal, steel, iron and other important commodities. I was almost alone in my advocacy at that time. Only in this way can labour hope to get a proper share of the returns in our peace-time economy; only in this way can industry and private enterprise get their fair share of aid.

I have always listened with great respect to the hon. member for Rosetown-Biggar (Mr. Coldwell) the leader of the C.C.F., who said that the ten-cent limit would place labour in a straitjacket. No hon. member, no decent citizen, wants to see any man who works for his living placed in a straitjacket. I have great respect for the hon. member, but I do not think he or any other hon. member wants to see either labour or private enterprise in a straitjacket.

Some of our friends want a complete system of nationalization, socialization and public ownership. That works all right in connection with light, heat and power, and with some forms of transportation, but when it is expanded it cannot be successful unless it operates as a monopoly. That is the only way that public ownership, both past and present, of which I have long been an advocate, has been successful.

There have been better working conditions since I first entered the city council in Toronto. Our friends sitting to the left are trying to pacify Europe. The hon. member for Winnipeg North Centre (Mr. Knowles) went over to Russia to try to pacify the Russians and Marshal Stalin—and here we are in the 106th day of the session, but the government cannot pacify a few workmen. That is how it is in some of the industries in the country. The hon. member went over to preach the gospel to Stalin and company—limited and unlimited. No doubt while he was over there he learned some of the new modern tricks in the political trade—because there are always some tricks to learn in this trade used by politicians. We are all politicians; some of us saw the sun, and some did not. The Prime Minister (Mr. Mackenzie King) is over there trying to pacify Europe. A whole carload of them has gone, including the Minister of National Health and Welfare (Mr. Claxton). He is in Paris, but he may show up in Oslo or in almost any city of the seven seas. I think there is plenty of room for them at home, to maintain peace in industry in this country, the most important problem before parliament.

A discussion of this matter is certainly not a waste of time, because these workers are people who pay taxes—taxes which are intolerable. I can tell you this, that I walked along streets in my constituency, and in the constituencies of the hon. member for Eglinton (Mr. Fleming) and other Toronto members the other night, and on those streets I saw members of the working classes shopping. It was raining pretty hard that night and the price ceiling had huge holes shot in it. Many of the people who came to this country only a few years ago are making fabulous sums out of the sale of vegetables and fruit, but the farmer is not getting it. The ceiling has been shot full of holes for the consumer, and prices are soaring on consumer goods of all kinds. It is well known that the price ceilings are connected economically with the wage ceilings, and that is one thing the committee had to consider in making its report. Where do we go from here after this report?

We are back to where we are kicking the football around again. We are in the football season now. The government kicked the football over to the committee on July 14 and we have now kicked it back. The onus of settling this strike is on the government as long as they are the government. I think the committee was very fair to the government because it was an exceedingly laborious task it had to do, it was a tiresome, wearisome and thankless task. I went into the committee two or three times and I saw it was a tiresome, wearisome and thankless job they were doing

in trying to help the government out of the trouble they were in. All governments have had to face this situation after every war.

Where do we go from here, with this committee report, uniting price ceilings and wage control? The onus is back on the government. We would be wise as the House of Commons to wind up our business by Saturday night and give the government a chance to deal with this problem and settle this strike. We are just wasting our time here, and the minister is not able to deal with this important matter. The onus is on the government, not on the exodus or only those who are travelling the seven seas, but those who are home, the home guard. The home guard is dwindling. Those who have been left at home have to face the toughest job which this government has had for a long time, to wind up this session and to formulate a labour code that will work after such a terrible war and bring about peace in industry.

The onus is on the government so far as it is the government of the day to solve this problem. This problem is not going to be solved by adopting brass-band methods of conducting a strike inquiry or by intimidation of the workers and private enterprise, or by calling in the police. You will remember, Mr. Speaker, that trouble occurred in the city of Montreal a few years ago. The enforcement of federal laws should be placed in the hands of the Attorney General of Canada under section 91. It should not be necessary to tax real estate in order to provide a police force in Hamilton.

Another thing I cannot understand is that it was considered necessary by the steel industry and the labour union to treat this matter as a unit of industrial strife in the three plants. The conditions prevailing in Nova Scotia are different from those prevailing in Hamilton and Sault Ste. Marie. They are separate propositions all together. I think a great mistake was made in the unions handling it in this way. In Sault Ste. Marie and Hamilton they have cheap light, power and urban transportation and the cost of their carfares, water and civic services, and food is much less. In the maritimes they are faced with heavy freight charges, and then the system of taxation there is different. In Ontario there is cheap light and power available for almost every barn in the province, and we have cheap fares on our street cars. Domestic lighting is available for the home of the working man, and the cost of this service has been cut in three and four. For about 94 cents a unit a working man is able to light his house. Then they have extended the facilities for cooking into the kitchens of the working classes of this province. In these disputes law and order should be maintained at any cost.

We had some trouble during the street railway strike and we had some trouble during the last war. But law and order must be maintained, as President Gompers said when we settled the street car strike. So far as this particular proposition goes, I sympathize with labour and I also sympathize with the employers as they are to-day. You must consider the cause and effect of these strikes. As I said before, business men are conscious of the heavy task that awaits them in reconversion so that Canada may recover quickly. Industry and labour in Canada have worked wonders in war, and can in peace also. Canada needs stability to speed the delivery of all classes of goods and meet market demands so as to aid peace-time economy in employment, supply civilian needs and restore as soon as possible living standards and defeat inflation and black markets. With the lessons industry learned in Canada in war, it should be much easier to work out reconversion. All irksome controls must go, and we must remove the shackles from industry, large and small. Business men must have complete freedom if they are to succeed under private enterprise. We should see an end to government controls and in that way give them more of a chance to provide full employment, and labour and capital a fairer share of our peace-time economy.

I am sorry to say that that has not happened, and one of the results is this strike. There is no doubt that the committee never should have summoned Donald Gordon or Mr. Brockington to handle matters such as this. I believe that the more the government kept away from it, the more chance there would be for the employers and employees to settle this question. On April 1, when I saw the unrest and that May day was coming, I asked this question:

> What action has been taken by the government to set aside, by proclamation, some Sunday for a day of prayer for the promotion of peace in industry, in view of the need of reconversion in industry from war to peace economy.

The government replied that the suggestion was being noted, but that at present this did not appear to be a matter requiring action by the government. I notice they are adopting this programme in the mother country, and I am reminded of the town hall in Birmingham where John Bright and Joseph Chamberlain and others spoke shortly after the industrial revolution. I think this suggestion should be carried out on Labour day, a week from Sunday. The government should

consider setting aside, Sunday, September 1, as a day of national prayer for the promotion of peace and industry and to urge the necessity of such industrial peace to aid reconversion in industry from war to peace-time economy and aid the production of all kinds of consumer goods. I hope such a proclamation will be issued. When a well-known Canadian divine was referring to the town hall in Birmingham he mentioned that a celebrated labour leader had once said that he never entered an industrial conference without engaging in a season of prayer. God's spirit was always invoked in order that satisfactory results might be obtained. I think there is a lot in that, especially in times like these.

There are many important matters that need consideration by parliament. These strikes are caused largely by the working classes not being able to get into decent houses. That is the result of this silly rental control policy. We see letter after letter in the newspapers—there were three or four in the Toronto papers last night—complaining about the condition of those who buy and cannot get into what they buy. That is one of the causes of this strike. Then these working people are faced with high food prices. The danger of inflation at the moment is due to a shortage of supplies. That shortage has been largely brought about by the war. The government has, in my opinion, had a different policy in different provinces in regard to a price ceiling on wages. In British Columbia, in the dispute which Mr. Justice Sloan settled, an increase of fifteen cents was granted. That was in April or May. Now in August in Ontario an increase of ten cents is offered. Mistakes have been made, undoubtedly, but the government is not the only one to make mistakes. Mistakes are bound to be made after every war. The government's determination to hold price ceilings at all costs, when holes were shot in the ceilings has been responsible for strikes and the demand for higher wages. The line was held for a time, but it was only held in the days of stress and strain by granting the wartime cost of living bonus, subventions and subsidies, and other temporary benefits at great cost to the country and industry and the consumer.

We should enforce what labour laws we have, and if they are not right we should amend them to meet modern conditions. A few months ago the subsidy of two cents a quart was taken off milk, and the prices of the produce which the market gardeners bring into the cities are going sky-high, without any price regulation at all. No wonder there is a demand for higher wages.

So far as the report of the committee is concerned there are four cardinal things the committee forgot to remember: Never legislate against human nature; trust the people and they will trust you; always tell the people the truth; do not be afraid to tell the people you have made a mistake. The people do not expect their leaders to be infallible or to be gods and I am glad that my hon. friend the Minister of Reconstruction and Supply (Mr. Howe) admitted the other night that he had had a change of mind. How can we develop the natural resources of this country when we have strikes continually occurring in basic industries like steel, coal, iron, base metals and everything else?

We have representatives over in Paris at the present time attending a conference about peace and disarmament. That is desirable, no doubt, but peace in industry at home is also sorely needed. After every war there is a lot of dislocation and all kinds of social problems to solve, which, if not solved properly, will cause strikes. Suspicion should be removed, suspicion not only abroad but also at home, because it tends to poison the thoughts in man. The removal of suspicion would aid industry and bring about stability, so that our people can go on confidently to better things. While not forgetting conferences abroad, let us have conferences at home for the very worthy object of peace in industry. Home should be the true place of peace and shelter from all injury, terror, want, doubt and unemployment. It is not home if it does not provide that.

Why should we reserve all our discussions on peace and security for Paris and the continent of Europe and forget about peace at home? Some of those who preached pacifism abroad failed to heed the cries for peace at home. Some of the best leaders of labour have uttered the same sentiments—not to forget peace at home—and I admire their courage, because these labour leaders are trying at the same time to carry out their duties to those they represent and that greater community their country.

I am urging all our citizens to plead for a truce in industrial strife. In the middle ages, when the whole of Europe was on fire, one part against another, men of good will strove in vain to get what the historians of the middle ages called a truce of God which would enable the people to settle their differences and live like brothers. I should like to see such a truce in this country to bring about peace in industry, so that we may remove all

differences and join in unison with all our strength to lead the people of this country to a happier and better collective security at home.

Governments sometimes can do little. These reforms must come from the people themselves and from free enterprise. Labour and private enterprise should take off their coats and work out a solution of their troubles, because they can do it better than the state can. Let them put the state out of their minds and get down to it to-day, so that we may have peace in industry in every corner of this country. A breach of peace in industry means suffering from employment. All that could be avoided if capital and labour tried to understand each other.

I have felt that it would be a real help to employers and employees to have a neutral person preside at industrial conferences, some man well qualified by character and ability and with an independent outlook who would inspire confidence. A person of such standing I have found in practice has always enabled the two parties to get together with ease and freedom and with a hope of ultimate success. Not only have wages to be studied, but the relationship between price ceilings and wage controls must not be lost sight of. Industrial disputes should be the concern of statesmen, because such disputes follow after every great war. Trade in our country has always depended on initiative and free enterprise and the willingness of our people, men and women, to embark their savings in industry. The element of uncertainty after every great war in industry is a great problem.

I do not believe there is any royal road to the solution of industrial strife any more than there is any royal road to learning. The government have no doubt made mistakes, and they have come in for some criticism. So has the opposition, the C.C.F. and all other parties. This steel strike is already having a serious effect upon business, and I hope that we shall conclude our business here very rapidly so as to give the government a chance to bring this strike to an end as soon as possible.

Mr. J. G. L. LANGLOIS (Gaspé): Mr. Speaker, I have listened attentively to the numerous speeches made on this subject, and I wish to offer my own views. They are, I must admit, far from being those of an expert in the matter.

In this debate so far, various opinions or suggestions have been made, some very constructive, others less so, but I do not think this problem can be solved by making speeches. What is needed is action without further delay.

[Mr. Church.]

The committee on industrial relations has made recommendations to this house, and in my opinion the most important of these recommendations is the one relating to a labour code. In this connection opinions seemed unanimous, and I hope that hon. members have given careful consideration to these suggestions. However, we must not forget the numerous angles of this problem.

The main obstacle to having a labour code is the result of our own constitution and is the conflict of jurisdiction between the various provinces and the Canadian parliament. The committee recommends that a dominion-provincial conference be called in order to draft legislation in this respect. I agree with this recommendation, provided that the provinces come here with a real desire for understanding, and I say this because our previous dominion-provincial conferences did not meet with great success.

The labour problem of this country is a national problem and, therefore, concerns as much the provincial legislatures of each province as it concerns the federal parliament. Each premier of each province should be ready to shoulder his responsibility in this respect. The strikes which affect our national economy to-day affect also all the provinces from British Columbia to the maritime provinces. I think, Mr. Speaker, that in the past there has been too much politics brought into the settlement of our national problems and in the discussions of our dominion-provincial relations. When the federal government wanted to make suggestions for the settlement of these problems, the provinces accused the federal government of attacking provincial autonomy.

A few days ago, the premier of Ontario, the Hon. George Drew, said in a public address that his government was seeking to have the federal government hold another dominion-provincial conference and he—Mr. Drew—was suggesting that this conference should deal also with our labour problems. The same suggestion has been made in the newspapers and by public men of this country, but I suggest that if the provinces want so much understanding between the federal government and the provincial governments they should, for once, themselves take the initiative. It is all very nice and good to say that it is up to the federal government to assemble the provincial ministers in a conference, but I do not think this initiative should come only and solely from this government. Why do the provincial ministers not get together on their own initiative and first agree among themselves before coming to Ottawa? Then, if the dominion-provincial

conference later fails, this failure would not rest with the central government only, since the provinces, would have taken their share of responsibilities in calling the meeting.

I am sure that, if the provinces come here after having discussed matters among themselves, an understanding with the federal government will be much easier to reach, since the provinces will be unanimous and will have reached an agreement among themselves before conferring with the central authorities. Then politicians will not be able to go around and say that Mr. King's conference has failed, if a failure should occur; but the people of Canada will know that, if agreement is not reached, the fault rests with no particular political party or no particular government, unless one of these governments fails to envisage the problem in the light of the national interest. Up to now it seems to me that the provinces have prevented the central government from taking action to solve our national problems, on the grounds of provincial autonomy; but when the consequences of these unsolved problems appear they throw it into the lap of the federal government as they are doing to-day, and say, "settle them." I do not think this is the way to arrive at the solution of our national problems. Let the provinces take the initiative now and see if they can do better than the federal government has done up to now.

If I may offer suggestions regarding this labour code, I would suggest that uniform legislation be drafted by the provinces according to their own views and ambitions first and submitted afterwards for discussion in a dominion-provincial conference and that, after an agreement is reached on the proposed legislation, various provincial governments make it law in their respective province. This will be one way to eliminate the conflict of jurisdiction, since this national labour code would be enacted by the various legislatures independently. We federal members were told during the debate on redistribution that we did not represent our respective provinces. We should, therefore, to-day leave the floor to our provincial representatives in this respect.

There has been much talk recently about the danger of spreading communism in this country, and it has been asserted that communistic activities are taking place in our labour unions. I think this assertion is true, and I would suggest that, in order to curb these activities, which, to my mind are most detrimental to Canada, labour unions of this country should be exclusively Canadian in character. In order to achieve this end, I respectfully submit that our proposed labour code should recognize only exclusively Canadian unions and make it compulsory for any labour union to incorporate itself under our laws with definite powers and definite obligations also. I know that many are opposed to the incorporation of labour unions, but I think we should have had it a long time ago. We are criticizing the government for delegating its powers to boards or commissions, but we do not seem to realize that labour unions to-day have more authority in the labour field than the government ever had. We have recently seen examples of labour unions who defied the government, took the law into their own hands and dictated their wishes to the whole of the country. These same unions have no responsibility whatsoever, having no legal existence. I believe that bodies which control most of our national economy should be responsible bodies and should come within the provisions of our laws. If ever a delegation of powers was made it was when we permitted such unions to act in this country. Public bodies like individuals should abide by the laws of the country according to the great principle of our democratic world that everybody is equal before the law. Why make an exception in the case of labour unions?

I know some hon. gentlemen will object by saying that this will prevent our local organization from taking part in the international organization, for the welfare of workers all over the world. I do not think this will be the case, since our national unions or local unions could do just as they did before and contribute to the international labour organization, and I see no objection there.

Before closing these few remarks, I wish again to emphasize the importance of the national character of this problem and of the necessity for immediate action. Strikes are to-day paralyzing the whole economy of this country. It is not only one class of our society that is affected, but the whole of our national economy and the whole of our Canadian society. Let us, therefore, put aside, for the sake of our country, our individual views and opinions, and let us look at the problem as a national one. It is the privilege of every citizen of this country to be either a regionalist or a provincialist or a federalist; but, above all, he has the duty of being a Canadian, and a Canadian before anything else. If individuals are not allowed to act, if their actions are prejudicial to and against the interest of the community, no prime minister, no government, no political party leader has the right to seek his own advantage or even the advantage of his province if his actions are detrimental to the country as a whole. I sincerely hope that if a dominion-provincial conference is

called our governments will approach the problem with this principle in mind. Should some provincial premier or other government leader act otherwise, he may gain a temporary political success, but sooner or later his own people will reproach him for having lost sight of the general welfare and interest of his country.

Mr. LIGUORI LACOMBE (Laval-Two Mountains) (Translation): Mr. Speaker, I shall keep the length of my remarks within the strictest bounds, because this session has lasted but too long.

Speeches can never bring strikes to an end. Only an energetic government, able to do justice to employees and employers, can stop disputes. Let the government, after such lengthy discussion, at last find the means of settling the strikes which paralyse the economy of this nation. The workers are justified in demanding a salary commensurate with the increase in the cost of living. Employers cannot be unaware of what it costs to-day to live. I should rather say to subsist, because I leave out of consideration any luxury, and even reasonable comfort.

If employers are aware of that situation, the government are still better acquainted with it. They should decide on a course of action with the determination that the present circumstances require.

There have been enough words; the need is for action. No one can be made to believe that there are no grounds for understanding, no middle course that would put an end to these disastrous strikes which deeply affect the whole population. There should be no attempt to shirk responsibilities and shift them upon others. The established authority has the duty to safeguard the well-being of the people. Its duty is to do justice to all and with the least possible delay. The more we have discussions, conferences and speeches, the more difficult the situation will become.

In concluding my brief remarks, I shall remind the government that the Canadian people expect them to find a prompt, energetic, fair and efficient solution of the labour and industrial problem. Idle discussions will settle nothing.

We have no need of a national labour code. Each province has its own legislation on labour and industrial matters and they have jurisdiction to legislate thereon. Owing to the war and to this transition period, the dominion government has exercised, and still exercises, prerogatives reserved to the provinces. It would be useless to call a dominion-provincial conference for the purpose of discussing the advisability of enacting a national labour code. As I have said not long ago, Canada and the world are being killed with conferences and speeches. The truth of this statement is evidenced by this unrestrained verbiage which should be replaced by action. And what can be said about the series of amendments moved a few minutes ago in connection with concurrence in the report of the committee, if not that it is systematic opposition and pure obstruction.

A committee of the house was appointed with instruction to inquire into the grievances of the employees and the claims of the employers. After weeks of discussion and investigation that committee can still, like ourselves, notice the same conflicts between capital and labour. Strikes are becoming more and more numerous, while members of Parliament are holding forth at a daily cost of $35,000 to the public treasury. Economists, or at least those who pretend to be economists, talk and talk without the slightest regard for economy. Their greatest concern is publicity and political propaganda. But neither the workers nor the people of this country can afford to wait. The government can and must end strikes through fair, energetic and immediate action. They are able to do justice to all the parties to the dispute and free this country from those woeful conflicts between capital and labour.

Mr. ALISTAIR STEWART (Winnipeg North) (Text): When the hon. member for Calgary West (Mr. Smith) was speaking the other day he read to the house a dispatch credited to the Canadian Press which told us that the picket lines at Hamilton had been opened, and that at least ten cars laden with men had gone into the plant. That statement was greeted with some jubilation in certain parts of this chamber. Perhaps those who applauded thought the picket lines had been definitely broken. Perhaps they believed the strike was over. But I say to this house if the strike is finished by smashing the union at Hamilton, then we are only on the verge of labour troubles unprecedented in Canada, and that is not a prophecy which will be very far wrong. Last April, when the increase of $5 a ton was granted to the manufacturers, labour was led to believe that in the $5 there was a certain amount for an increase in wages. The government would not tell the union how much was appropriated for wages; yet, as I say, the workers were led to believe that an amount was there. Because the government refused to tell the workers, we said then the government was sowing the seeds of

a labour war in Canada, and in effect that is what is happening. The government cannot shuffle away from the responsibility it has in this matter.

In committee on industrial relations I imagine many hon. members learned much. They learned, for instance, that organized labour in Canada, as in most other countries, has had to fight for its very existence. Unions have had to fight to be born, and once they were created, frequently they were smashed and destroyed either by recalcitrant employers, or by the actions of agents provocateurs, or perhaps by the very apathy of the workers themselves. But it would be a great mistake to believe that trade unions are not here to stay. Unfortunately some employers seem to be of that opinion. They remind me of King Canute trying to hold back the waves of the sea. Organized labour has grown tremendously in strength in the last ten years. It will continue to grow; but, as things are now, it can only grow because it fights. We are told that organized labour is militant. Of course it is. It has had to be militant because it is faced with an equal militancy on the part of employers, who in all too many cases are determined to smash the unions. That, I think, is borne out by the evidence which was submitted to the committee on industrial relations. I refer to page 3 of the brief of Mr. Hilton, who, as the house knows, is president of Steel Company of Canada. Before that committee this man said:

> It is emphasized that the Steel Company of Canada has not been and is not opposed to collective bargaining nor is it opposed to the principle of trade unionism.

That was Mr. Hilton speaking out of one corner of his mouth. He was questioned by the hon. member for Vancouver East (Mr. MacInnis), who asked:

> I am a member of a trade union and have been since 1910, and it was never necessary in the company with which I worked, and it is not necessary in normal labour relations with organized trade unions, to get a court order to recognize the union. In a great many of the trade unions and companies that I know where there are labour relations it has not been necessary to get a court order, but in the company of which you are president the trade union was never recognized except by a court order or an order of the labour relations board? Is that correct?

And Hilton said:

> I think that is correct, yes.

That is the man who at one moment professes to believe in the principle of trade unions and the next minute admits he will not recognize them unless compelled to do so by a court order. Then the hon. member for Vancouver East went on:

> At your Canada works at Hamilton you had a board of conciliation under the Industrial Disputes Investigation Act in 1945?
> A. You are asking me that question?
> Q. Yes?
> A. Yes, I believe that is right.
> Q. Did that board of conciliation make a unanimous recommendation for a form of union security?
> A. It made that recommendation. I cannot tell you from memory whether or not it was unanimous.
> Q. Did you accept the findings of the board? We will deal later with the question whether or not it was unanimous. Did the company, or did you accept for the company, the findings of the board of conciliation?
> A. If you mean did we grant so-called union security at the Canada works we did not.

This, despite the unanimous recommendation of the board of conciliation. Then the hon. member for Calgary West asked a question:

> You do not object to a voluntary check-off, do you?
> A. I do.

Pursuing the matter further, Mr. Hilton said:

> We sign a contract for one year at a certain wage rate, the next year it is going to be more. If you concede a revocable check-off this year, next year it will be something more; and it all leads up to a closed shop, which I do not approve of either.

Well, Mr. Hilton has the right to decide what he approves, but I do not think he has any right in the face of that evidence, to try to tell the workers in his plant that he believes in collective bargaining and is not opposed to the principles of trade unionism. It is true that to-day the dispute is over the question of an increase of fifteen cents, but fundamentally that fifteen cents is superficial to labour unrest in Canada. What we are in effect seeing, indeed what we are seeing, is the constant conflict we have had for so long between labour and capital as to who shall get what share of that which is produced. That is the fundamental aspect of the conflict before us to-day, and it is not one that will be resolved easily. Mr. Gordon, who appeared before the committee, had some ideas on the matter. At page 329 of the proceedings he was asked:

> Now, it was quite evident that there was a certain amount in that $5 which had been allocated for wages.

His reply was:

> No, not necessarily; that is the point I have been labouring to put forward. That was dependent entirely on the decision of the management of the steel company as to what profit level they were willing to operate on; and they could quite easily and quite reasonably have taken the attitude that they could not afford

to pay anything for wages because they were not earning a profit amount anywhere near the amount which they ought to be earning by pre-war standards in relation to the volume of production that they are now undertaking.

There we see the orthodox, conventional defence of the capitalist system. Mr. Gordon says management will decide what profit level they are willing to operate on. We admit that steel is a basic industry, that it is a vital industry. We admit that our economy will collapse unless we get steel; yet steel will be produced only when the operators themselves decide that they are going to produce it. That is a position of utter social irresponsibility, the sort of position we in this party have constantly condemned both in this house and outside it. To-day private enterprise has no sense of responsibility at all to the community as a whole. It is concerned only with the making and the maintenance of its own profit position.

Mr. HOMUTH: I suppose there are no decent people at all running industry in this country?

Mr. STEWART (Winnipeg North): There are quite a number of decent people running industry. Because a man believes in the capitalist form of economy is no reason for believing he is not decent. At times I believe the hon. gentleman himself is quite decent. May I repeat part of the same statement by Mr. Gordon:

> . . . they were not earning a profit amount anywhere near the amount which they ought to be earning by pre-war standards in relation to the volume of production that they are now undertaking.

Here, surely, is a new gauge by which profits should be measured. During the war, in many cases, under the excess profits tax, the government decided that the capital invested was to be the gauge by which we would decide what profit should be paid. Now Mr. Gordon tells us it is his view—I do not say it is the government's view—that profits must have some relation to the entire productivity of the plant. In Stelco there has been no increase in subscribed capital during the last few years; yet we are told that production is two and one-half times pre-war value. Surely, then, if production has been increased so much, and capital has remained as it was, the workers in the plant, those who are the producers, deserve a greater share of what has been produced.

Mr. Gordon apparently disagrees with that, but we in the C.C.F. would say that ours is the correct position to take. For too long those who have been producing the essential needs in Canada have been exploited in precisely the same way, and capital has always been given the preferred position over human beings. In effect, it boils down to this, that so far as those who are defenders of free enterprise are concerned—so far as anybody is concerned; so far as economy is concerned, in industry—the owner lends his capital, but the industrial worker gives his life. There is that great difference, and the worker is not unduly reimbursed for what he gives. He starts in industry at an early age and, normally, if his health permits, he will carry through until he reaches the age of seventy, when he gets an old age pension. At times he may be laid off owing to unemployment. He may get two weeks holiday with pay, and very often without pay.

But the average worker in Canada cannot afford to stop work because, on account of the low wages he has been paid, he has no security. I mentioned in the house a few weeks ago that ninety-two per cent of workers in Canada who reached the age of sixty-five are penniless. And when we remember what their average wage is, we need not be surprised at that. After a man has brought up a family, clothed them, fed them, educated them, paid all the thousand and one expenses connected with raising a family, he will have very little left of his meagre earnings. Even if he got $33.60 a week he would have very little to put by for old age.

I would also say that it would be a mistake to assume that industry is the only sinner. Here is a case in point I should like to bring to the attention of the house, and particularly to the attention of the Minister of Public Works (Mr. Fournier). It casts a light over what I am saying. Here was a man employed by the government from 1896 to 1946, a man with excellent references. His employment as a labourer started at $1.50 a day, and gradually increased to $4. His wife is dead; he is a widower, and maintains in his home an invalid daughter. This year, when he had reached the age of seventy-nine, the government dispensed with his services, and in recognition of his fifty years in the department reimbursed him with a pension of $19.91 a month.

How can we expect industry to be any better than the government which sets an example like that for the people of Canada? Organized workers in Canada do not want too much. All they want is some security, which is surely the right of every citizen. They want a 40-hour week, with no reduction in "take-home pay."

May I say to the Minister of Labour (Mr. Mitchell) that the price ceiling is being shot rapidly. I have just had word from British Columbia that to-day the regional war labour board out there approved a 15-cent increase

in wages and a 40-hour week for the American Can Company. Things must be very dangerous for the price ceiling on the west coast, especially in view of the fact that perhaps the Dominion Bridge Company and Heaps Engineering will also get the same award.

Mr. MITCHELL: The hon. member said that the price control was being broken. I think he meant wage control.

Mr. STEWART (Winnipeg North): No; I said "price", because if fifteen cents here will pierce the price ceiling, I am sure fifteen cents in British Columbia would. If we are to have that pattern there I think we should have it here.

The unions favour the 40-hour week with no reduction in "take-home pay", but they do not make that request from every industry. Organized labour is willing to modify its demands according to the ability of an industry to pay. But it is not going to take the unvouched word of the companies as to how much they are earning, and in that respect I do not blame them. The workers are asking, so far as union security is concerned, for the union shop and the check-off. The workers also ask —and I am sure the acting Minister of Finance (Mr. Abbott) knows this—for the maintenance of price control in Canada.

I should like to quote at this point something Mr. Gordon said. Although he corrected the interpretation later, nevertheless the idea has gone out that this only is what he said.

Mr. MITCHELL: My hon. friend has said that price control was blown to bits, and now he says he is asking for the maintenance of it.

Mr. STEWART (Winnipeg North): I said the workers are asking for price control, and I said the government is blowing it to bits, despite the fact that the workers are asking for it. Just ask the worker who will shortly be required to pay three cents a quart more for milk, and see what he thinks about the price ceiling.

Mr. Gordon said, at page 295:

> Any increase in cost is inflationary, as I said; inflationary in the sense that in increasing the cost you must increase the price.

That does not necessarily follow, and Mr. Gordon pointed it out later. Increases in cost can be absorbed in two ways, either by taking them out of profits or by increasing production. And that increased production in Canada is not going to take place unless we get the workers back to work again; yet the policy of the government to-day is designed to bring about that very inflation which it seems to fear.

Mr. Gordon made a further significant statement—and I am sorry to be picking on him all the time, but he is responsible for these statements and also for the apparent attitude which the government is taking. He was asked these questions and gave these answers:

> Q. Let us be clear about this; you indicated a little while ago that if certain things happened, if certain increases are allowed, there would be no use trying to continue the system of control of prices, that at a certain point you might just as well close up was about the way you expressed it. Was that right?
>
> A. That is correct.
>
> Q. All right, Mr. Gordon; where is that point? Do you know?
>
> A. I do not know where that point is.

This merely substantiates the point made by the hon. member for Rosetown-Biggar (Mr. Coldwell), the leader of this group, when he said there was nothing scientific in the principle of ten cents being the point above which we would get a complete smash in the economy. As Pat Conroy said, Donald Gordon was working on a hunch. I think anybody else's hunch is just as good as that of Donald Gordon, the man who is in charge of the wartime prices board in Canada.

There are certain other factors which the government must face. One of the most important is the suspicion, inbred and ingrained, on the part of the worker, as to the good faith of the government and of employers. In other words, the worker feels he will not get justice. Last night the hon. member for Cape Breton South (Mr. Gillis) referred to certain alleged violations of the law which had taken place in Hamilton. He pointed out that those now working are being paid for twenty-four hours a day, that there is a landing strip for aircraft in the plant, that employees are staying and living in the plant. And again—and this was not refuted—he said that rationed goods are going into that plant in great quantities. I am not saying that in every case the law is being broken by Stelco, but I say in certain cases it is being broken by the company, and the government is taking no action against it.

The workers see other things. They see a union member punch a scab—and the minister, as an old union man, knows what a scab is—on the nose. The worker was sent down for sixty days. Then some other person comes along and fires a gun at members of the picket line and he is fined $10. There is no justice in that.

By and large, I think the minister has made good selections in his appointment of conciliation officers, but he did not make a good choice in the case of Mr. Justice Roach. To my mind, he was not impartial, and he said that the union was run by a dictatorship because the union would not accept some of his ideas. I should like to quote from the record

where Mr. Justice Roach is being questioned by the hon. member for Vancouver East as follows:

Q. On whose authority then did you, as commissioner, make this offer of ten cents across the board and the other matters associated with it?
A. I made it on my own responsibility.
Q. And if then you had no authority for this proposal, and if the men had accepted your suggestion, your proposal that this ten cents per hour wage increase should be put before the employees to be voted on by secret ballot and that secret ballot carried, what assurance did you have that the company would come through with the ten cents?
A. Oh, I had no assurance.

He expected the union to accept this hypothetical offer and then have another vote, and he was surprised because the union did not do so. Then he incorporated in his report the absolutely stupid statement that the union was working under a dictatorship.

There are one or two other points I should like to comment upon. Two or three days ago everybody was full of praise for the work of this committee, but now we are not so sure about it. I have no doubt that the members of the committee worked earnestly, assiduously and honestly, but to the great disappointment of the people of this country; they started out like a 16-inch howitzer and finished up like a pea-shooter.

There are two parts of the report with which I disagree. I do not like recommendation No. 5, which concerns itself solely with the law of picketing. If we are to concern ourselves with the law of picketing, there should also be a law on the statute books of this country about strike-breaking. Then in connection with recommendation No. 6 I find myself in substantial agreement with the hon. member for Spadina (Mr. Croll). As I interpret that recommendation, it means that after a strike vote has been properly taken at Stelco the minister is given permission to go and take another vote. If that is correct, then it is a violation of the rights of trade unions in this country.

Mr. MITCHELL: My hon. friend knows that is not correct.

Mr. STEWART (Winnipeg North): I do not know it is not correct, because I have been waiting three days for the minister to make a statement.

Mr. MITCHELL: If my hon. friend will sit down and let me speak—

Mr. STEWART (Winnipeg North): I am not going to sit down until I have had my say, because I do not want to listen to you just now.

Mr. MITCHELL: I have been waiting for three days.

[Mr. A. M. Stewart.]

Mr. STEWART (Winnipeg North): I assure the minister that there is no member in this house who would not have sat down to give him a chance to speak, but he has made no attempt to rise in his place. He has interrupted other speakers frequently enough, but I am speaking now and I am going to finish. I shall be very happy to hear the Minister of Labour afterwards, but I am giving my interpretation at the moment and it stands until he refutes it.

So far as I am concerned, if No. 6 is accepted as the policy of this country it will mean the end of trade unionism. It is just as dangerous and just as fatal as that. I should like to say something to the Minister of Labour and I am going to speak in a kindly way. I am going to be frank and I am going to speak with a conception of British fair play. I am not going to get down to the gutter. I am going to tell the minister one or two facts which I think he ought to know. The first is that he no longer has the confidence of organized labour in this country. For one reason or another he has completely forfeited their confidence. I appreciate that the Minister of Labour wishes to serve this parliament and Canada, but the best way he could serve this country would be to tender his resignation as Minister of Labour without any mental reservation whatsoever.

An hon. MEMBER: Says who?

Mr. STEWART (Winnipeg North): However, from the group which I see around him I doubt if we would get a better one.

Mr. SPEAKER: I would ask the hon. member to address the Chair.

Mr. STEWART (Winnipeg North): I shall be glad to address myself to you, sir. Through you, Mr. Speaker, I say that the Minister of Labour would be performing a signal service were he to resign. Unfortunately, when we consider the ranks over there we find there are not many trade unionists from which we could choose some one to put in his place.

An hon. MEMBER: Are you one?

Mr. STEWART (Winnipeg North): I am a trade unionist and I have my card here. The Minister of Labour has a card also, I am told.

Mr. ABBOTT: I thought you were a chartered accountant?

Mr. STEWART (Winnipeg North): If one of you will speak without all trying to speak together I could listen and answer. I cannot understand a rabble. The only thing I can say is that we know the devil we have and

we would be uncertain of the devil we do not have. But this is certain. Until the Minister of Labour acquires the confidence of the workers of this country he is going to be faced with even greater labour troubles than those that confront him to-day.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I had not intended taking part in this debate, but everybody else seems to be taking a little crack at something or other. Ever since this industrial relations committee was first set up, a number of thoughts have been going through my mind. I must confess that I was a little disappointed this afternoon that neither of the amendments proposed earlier in the day were permitted to go through. The committee started out with a fairly big job to do and I wanted to see it done right. I am not saying that no ground was covered by the committee, but I do say that during the past weeks they do not appear to have solved the problem. It seems to me that the mountain has laboured and brought forth a mouse.

I must confess that I never did hold out very much hope that a parliamentary committee would solve the problem. I am quite certain that no information was brought out during the sittings of that committee that the government did not have already, or that they could not easily have obtained if they wanted it. The hon. member for Calgary West (Mr. Smith) seems to be the gentleman who conceived the idea that a parliamentary committee would be able to solve the problem and he rose in his place and made the suggestion to the government. Immediately the Prime Minister (Mr. Mackenzie King) rose and said, "I am quite happy to accept the suggestion of my hon. friend." The hon. member for Calgary West has not been sitting in this house quite as long as some of us, and I want to say to him that I always am a little suspicious when the Prime Minister accepts a suggestion made by the opposition. Let me tell the hon. member for Calgary West this one thing, that the Prime Minister has all the answers. Don't ever underrate his political acumen.

Mr. GIBSON (Comox-Alberni): Clever, isn't he?

Mr. HANSELL: He is certainly clever along that line. What actually happened was this. The hon. member for Calgary West wanted the parliamentary committee on industrial relations set up. The Prime Minister immediately rose in his place and took him at his word. The result was that the responsibility of the government was then placed in the lap of the entire parliament of Canada.

An hon. MEMBER: Where it should be.

Mr. HANSELL: I do not agree with that, and I will answer that remark in a moment.

The position now is this. The parliament of Canada has not solved the problem, and if the government cannot solve it they will always have the answer: Now do not talk to us because we gave you an opportunity to solve the problem and you could not do so. Under our parliamentary system of government, until it is changed, the matter rests just here, that when a political party bids for power to run the country and the people vest in it the right and the power to run the country, the government must accept the responsibility of running it, and must not pass the buck. That is the reason I desired the amendment to go through, because part of the amendment was to recognize that this was a government responsibility, and it is a government responsibility.

Are we to assume that the government did not know the labour situation before the parliamentary committee was set up? They certainly did. If they did not they were not measuring up to their responsibilities. I would ask the Minister of Labour (Mr. Mitchell) a question and he can answer it now or later when he replies. Does he know a single thing more now about the labour situation in Canada than he did before the parliamentary committee was set up?

Mr. MITCHELL: I will answer my hon. friend right away. None of us is too old to learn. My answer is yes.

Mr. HANSELL: I am very glad to hear that terse answer from the minister, and if that is his general attitude, perhaps the Social Credit party can even teach him something. I do not agree with the hon. member who preceded me, rushing in where angels fear to tread, even though devils do not, and demanding the resignation of the minister, because, if the minister resigns, who is to take his place? Somebody else in the government will have to take his place.

Mr. BLACKMORE: He would be a Liberal, just as bad.

Mr. HANSELL: Yes; he would be a member of the same administration, and you cannot divorce the minister's policy from government policy. So who is to take his place? Tim Buck? I have received telegrams demanding the minister's resignation and I pay not the slightest attention to them.

Mr. GIBSON (Comox-Alberni): Why don't you fire him?

Mr. HANSELL: I do not want to fire him; I am not in the firing business. I would just as soon see him there as anyone else from the same administration. It is the government who are running the country; they have this problem on their hands, and they have not measured up to the responsibility of meeting it. That is all. You have said it all when you have said that.

Mr. BLACKMORE: They do not know what to do about it.

Mr. HANSELL: No, they do not. Even in this debate, what are we talking about?

An hon. MEMBER: Oh, oh!

Mr. HANSELL: I can enjoy the implications of that joke as well as my hon. friends can. We have been diagnosing the trouble. We have been attacking the government. We have been snipping all around the problem, but we have not yet made any concrete suggestions as to how the strike can be settled, and labour problems solved.

Mr. BLACKMORE: You mean the Conservatives and the Liberals have not?

Mr. HANSELL: I do not know that any of us have. Is the thing beyond solution? Surely it cannot be beyond settlement. No problem is beyond settlement. The fact of the matter is that it is the duty of responsible government not merely to solve a problem when it arises, but so to legislate for the entire economy of Canada that problems will not arise. That is an extremely hard thing to do; I recognize that.

What is this particular problem? The labour men want more wages. Their employers, on the other hand, the steel industry, say: We are sorry but we cannot give it to you. Perhaps both of them are right; I do not know. We do know that labour wants more. Whether the steel industry can pay it or not, I am personally still undecided. But I would say this, that if both are right, are we just going to let the thing rest there, or is there an alternative? Has the committee suggested any other possible solution to the problem?

Mr. BLACKMORE: It never even thought of it.

Mr. HANSELL: I am glad the hon. member for Lethbridge (Mr. Blackmore) interjected that remark.

Mr. GIBSON (Comox-Alberni): He was a member of the committee.

Mr. HANSELL: I know that.

[Mr. J. L. Gibson.]

Mr. BLACKMORE: We tried to get them to think of something else and they would not listen.

Mr. HANSELL: Exactly. We in this group believe that we have a solution for these problems, a solution that would not merely heal the present sore spot on the body politic but make the body healthy so that no more sores would break out. That is the point.

I have heard a good deal against private enterprise and that the government should do this and do that and the other thing. It appears to me that my C.C.F. friends to my right—and I like these hon. gentlemen, I talk to them, you know; they call me Ernie and I call them Bill and so forth and so on—rise in their places as though they were the only champions of labour.

Mr. GIBSON (Comox-Alberni): They think so.

Mr. HANSELL: In spite of the criticisms which have been levelled at the Minister of Labour, I do not believe that they are any more the champions of the rights of labour than is the Minister of Labour himself. That is my personal opinion.

Mr. GIBSON (Comox-Alberni): They just talk labour; that is all.

Mr. HANSELL: I am not speaking for my group here; I make my own conclusions. The minister has a problem on his hands. I do not think he knows how to solve it. He will not come to us to ask us how. But that does not make any difference. I say here and now that our socialist friends are no more the champions of the rights of working men than is anybody else in this house or any other party in Canada. That is my honest opinion. They have a great deal to say in blaming private enterprise for our troubles, as though, in championing the cause of labour, it is to be assumed that labour itself does not believe in private enterprise. I wonder whether that is so. The hon. member for Wetaskiwin (Mr. Jaques) a little while ago brought out the point—I do not know how accurate he was—that in the last election—and the vote is what tells the story—in all the industrial centres in Canada east of Winnipeg the C.C.F. candidates not only did not win a seat, but lost their deposits.

Mr. ZAPLITNY: That is completely wrong.

Mr. HANSELL: You tell us how many C.C.F. candidates ran and how many lost their deposits, and that will straighten it out. Anyway, we do know that they did not get the labour vote in those industrial constitu-

encies. All I am saying is that these people who claim the right to be the champions of labour, and who are or claim they are socialists, did not receive the full support of labour, and the only conclusion I can reach is that in the main the labouring people of Canada do not want socialism.

Mr. BLACKMORE: They want results. That is the important thing.

An hon. MEMBER: And do they get them?

Mr. BLACKMORE: The government does not seem to know what to give them.

Mr. HANSELL: I want to read from an article which appeared in 1943 in the *Wholesale Grocers' News*. It contains a statement made by Mr. William Green, president of the American Federation of Labor. This is what he said:

> As the spokesman for a labour organization with six and a half million members, I want to make it emphatically clear here and now that the American Federation of Labor stands four-square in support of free and private enterprise. We recognize the right to own and manage property for public and private profit . . . We . . . will oppose any attempt to abridge, restrict or interfere with the functions of free enterprise . . .
>
> Individual liberty and security are inseparably associated with the vital principle of free enterprise and the private ownership of property. These priceless blessings will remain with us only so long as we maintain the source from which they flow. They will go with the wind, pass beyond our reach and it will be difficult, if not impossible, to regain them if ever there is substituted for them any form of communism or governmental regimentation.
>
> Because labour understands fully that it will suffer most if ever the foundation and superstructure of free government is destroyed or impaired, it stands firm in its determination to protect and preserve free enterprise and the private ownership of property at any cost.
>
> Regardless of how capital and labour, employer and employee, management and workers, may disagree upon other economic, social and political questions, they stand united in defense of the maintenance of free enterprise and the preservation of the joint benefits which flow therefrom.

These are the words of William Green, president of the American Federation of Labor. I see that it is nearly six o'clock. I have something else to put on the record, but I realize that time is going, and I will conclude my remarks by repeating once again that in the final analysis it must be the government's responsibility to solve the problems of the country. They should so legislate that those problems will not arise; but if they arise, they will be easy of solution. Any party which bids for power must be willing to accept that responsibility.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. KARL HOMUTH (Waterloo South): In rising to continue the debate on the report of the industrial relations committee, I wish first to pay a tribute to the hon. member for Macleod (Mr. Hansell) who spoke just before the recess. He always brings freshness, humour and a lot of common sense to our deliberations and we appreciate hearing him at any time.

I wish to endorse the statements which have been made by my colleagues who are members of the committee and other hon. members of the committee with regard to the way the committee worked. I should also like to pay tribute to the splendid work of the chairman and the general feeling of trying to do something to cure the industrial unrest in the country. We went to the committee meetings with a certain amount of suspicion, thinking that, possibly, the members of the various political parties would try to jockey for position. In the first few days that was perhaps a little apparent, but it soon died out because we got to know each other much better.

There were members on the committee who were new members of the house; and when the committee finally reached the in-camera stage to bring in its report there was a feeling amongst all the members—even though three of them did oppose one section of the report—that they had tried to do a good job and had worked long and arduous hours in doing so.

Now that the report has come into the house for endorsation, we find that many members who were not on the committee are condemning it because it did not settle the strikes which are prevalent throughout Canada. Throughout the proceedings of the committee I contended—and I was supported generally by most members of the committee—that our job was not to settle the prevailing strikes but to try to evolve some machinery as an improvement on the present machinery so that we could avoid strikes in the future.

I do not think any member of the committee went to its meetings, and I do not think the members of the house thought that they would go there with the idea that they were going to set the standard of wages, the hours of labour or other conditions for which unions and industry are struggling. I do not think it was our job to do that, but out of the committee has come a report which, if implemented by the government, will, in my opinion, do a great deal to cure the ills from which industry is suffering.

In fighting political battles I have never been one who has pulled my punches. When

I go out to fight a political battle I put everything I have into it, but I have never yet used personalities in any election campaign in which I have participated. I resent hon. members rising in their places and asking for the head of the Minister of Labour (Mr. Mitchell). When election time comes round I shall go out and try to defeat the Minister of Labour, not because he is Minister of Labour, but because he is following the philosophy of a party with which I disagree. I suppose I have known the Minister of Labour longer than any other member of the House of Commons. In fact, back in the old days he and I belonged to the same party. In those days we were fairly successful in that party. I have known him for many years and I have had a high regard for him as a man who knew labour, but he was a conservative, careful labour leader.

I remember one Saturday morning going home from Ottawa. I usually drop into a little hotel in Toronto for my breakfast because I have to stay over there. I met my friend Humphrey. Humphrey was on his way to fight a by-election in Welland after having been named Minister of Labour. I shook hands with him and congratulated him on having been named Minister of Labour. I said to him then: "Humphrey, if you are permitted to handle the Department of Labour without any political interference"—and I do not mean narrow political interference; I mean the general policy of the government—"if you are allowed to do that, I have no fear whatever but that you are going to make a real success of a very difficult job." But he is in this position. The Minister of Finance (Mr. Ilsley) says, "I want more money." He provides for it in his budget and we pay or else. The Minister of National Health and Welfare (Mr. Claxton) says, "These are the regulations under which you will take this or that medicine; these are the regulations under which you must work." The Minister of Labour is dealing with human beings. He is dealing with men who are not always easy to deal with. I say this quite frankly and sincerely, that many of the things which he could do and would do, many of the things which he has tried to do—and I am not giving any special praise to him—have been nullified because of the very thing which my colleague, the hon. member for Calgary West (Mr. Smith) referred to, namely, the lack of liaison, the lack of cooperation between the various departments of government. What better example have we than what is happening to-day?

A few weeks ago the government announced that they were going to remove the subsidy on milk. What did that mean? It meant a two-cent increase in the price of a quart of milk to the consumers of the country. The government said that this will save $20 or $22 million a year. If it were a saving and it were shown in the budget, or in the expenditures for the coming year as a saving, then we could readily say that we were going back to the normal peace-time type of business. They removed the subsidy, and the burden which used to be put on the treasury of Canada is now placed on the shoulders of the people, particularly the fathers of large families who have to buy the milk. At the same time we pick up the supplementary estimates and find millions of dollars for public buildings. Surely, when we need houses for our people, when we are trying to hold the line on inflation, when we wish to see to it that we shall not have the conditions which followed after the last war—and I went through them—at least we ought to see to it that we protect the line in every department of government. What has happened? We hear now that the producer subsidy on milk is to be taken off. In Ottawa this will mean that milk which, under the previous subsidies, cost the consumer ten cents a quart will now cost fifteen cents a quart, or an increase of fifty per cent. Then the industrial worker will come to the Minister of Labour and say, "I must have more wages. I cannot feed my family, because with the increased cost of all these things my children must have I am not getting enough money." Those are the problems with which the minister is faced. So that I say I am not one of those who will go out and demand the head of the Minister of Labour. I am quite prepared, when an election comes around, to go out and ask for the heads of everybody sitting over there, but I do say that we should at least be fair about these things.

To-night I wish to deal with this problem in perhaps a little different way from that in which other speakers have dealt with it. As I say, I do not think our committee was set up for the purpose of establishing wages, hours and so on. We were set up to try to evolve some better machinery, and if this report is implemented by the government it will at least be something. But let us go back over the years since the beginning of the war. When war broke out, a great many industrialists in this country realized that the cost of living had increased, and they raised wages. Others did not. Then came the law providing for the cost of living bonus. This was all based on 1939 figures. Were they the right ones? I do not know; I would say not. I would say that the wage rate of 1939

was not a fair rate, because of conditions that existed at that time; and certainly the cost of living, taken in those terms, was not comparable. However, that was what the government did. Then, after a time during which industry was supposed to pay this cost of living bonus, wages were frozen. What had happened? A great many industries in this country had not been paying the cost of living bonus, with the result that, when wages were frozen, under the law they could not pay the bonus which previously they had denied to their employees. So that we had in the cities and towns across Canada a checker-board system of wages which certainly was unfair to the industrial workers. Later, we had tremendous taxation imposed upon the wages of those workers, taxation which year after year caused loss of production and absenteeism. Why? Our people have become educated in the last few years. They have had to make out income tax returns, and now they know how to use figures. If you asked a man to work on Saturday afternoon he would figure that if he worked four hours his earnings for that week would be so increased that he would have to work those four hours for seventeen or eighteen or nineteen cents; and the higher his rate of pay, the less he actually received for working overtime.

The whole scheme was such that the financial policy of the government was nullifying the very thing the price control board and the Minister of Labour were trying to do. Time after time in budget debates we asked this government to grant greater exemptions to industrial workers. They refused. They were taxing the people of this country, so they said, not only to get revenue but to stop inflation. One budget came down and provided for compulsory savings. This was to give the workers of this country a backlog of savings with the government for the time when the war would be over and we would be going through the reconstruction period. The following year, after protests from all across the country because of the money that was being taken from the pay envelopes of the workers, in his budget the Minister of Finance said they were going to relieve the people of these compulsory savings. They were not giving the industrial workers of the country anything. They were just letting them keep the money which was rightfully theirs. At that time we urged, "If you want to stop inflation, increase the exemptions of the industrial workers. Put them under a compulsory savings plan if you wish, but at least they will know that when the war is over and they go through a period which may mean unemployment for a time they will have this money as a backlog to look after themselves and their families." Another budget came down. Again we urged increased exemptions in the lower income brackets. Again it was refused. I say this, and it is not being said in a critical sense but because I want to point out to the members of this house that much of our labour discord, many of the problems with which the Minister of Labour is faced to-day, are not due to the way in which the Department of Labour has tried to administer the law but to the general policy of the government, which I think was unfair to the industrial workers of Canada. If this government had brought down a 1946 budget in 1946, instead of bringing down a 1947 budget in 1946, at least the industrial workers would have been given some slight relief.

There is the whole question with which we are faced. Coming as I do from an industrial riding, I have some knowledge of industrial workers. Some of my hon. friends to my left, as I said this afternoon, would condemn every manufacturer in Canada by saying they are not honest; they cannot be trusted; they have not the interests of their employees at heart. That is the sort of stuff that starts communism in any country. Those are the kind of speeches that stir up unrest. I went to work; I punched the clock at twenty minutes after six o'clock in the morning when I first started, and I was given pretty small pay; even the employer thought he was paying me too little. But these hon. gentlemen, as the hon. member for Macleod said this afternoon, think they are the only ones who represent labour. All I could see in their whole scheme was the politics behind it all. How well do I remember that in various elections certain union leaders went out and told their followers, "This is how you vote. You vote for the C.C.F." These people talk about their love of labour and what they will do for labour, but they are ready and willing to have union leaders regiment the most sacred thing a man has; that is, his ballot. They are prepared to let those leaders turn those ballots their way, in order to "put a socialist flag on capital hill", as they decided at their annual meeting in Saskatchewan the other day they would like to do.

Mr. PROBE: Tell some of that to Mr. Hilton.

Mr. HOMUTH: Mr. Hilton handled himself very well before the committee. And I did not see any of your men doing anything to subscribe to what your leader, and other members who were not on the committee, suggested should be done.

Let me say this, that I am surprised at what the leader of the C.C.F. said yesterday, that he is willing to tie wages to profits. Let him ask any union leader in this country if he is prepared to have the wages of his union members tied to the profits of a company. Furthermore, he said he was also prepared to advocate that personal productivity should be the extent of wages a man should earn—personal productivity. If you do not believe it, look up the records of *Hansard*, because I asked him the question.

Mr. NICHOLSON: It should be a factor.

Mr. HOMUTH: I asked him the question. I say these are the men who presume to represent labour; and yet, as the hon. member for Macleod said, how many of them represent industrial ridings in the Dominion of Canada to-day? The point I was coming to was this, that one thing I could see in that committee, as a result of the briefs placed there by the union, a thing which I know is bothering a lot of people back home, a thing which I know is bothering industrial workers in this country, is the fear of the future. It is a real, live fear, because the last depression is so close to us. I do not blame them for that fear. Therefore I say that if we had the type of liaison and the type of cooperation between various departments of government that I think there ought to be, many of these difficulties would be solved, and much of the legislation which passes one department and is negatived by another would disappear.

What do we find? Hon. members in this house, and particularly those in the C.C.F., find fault that we have not come in with certain specific recommendations. Let me say that two members of the C.C.F. party who sat on that committee endorsed its policy, all the way through the picture. They endorsed the report; they endorsed clause 6. And what was clause 6? Clause 6 gives the right to the working man to declare what he wants, by secret ballot. I am not going to deny him that right. If we are going to deny the working man that right, then we might as well have regimentation immediately. It is a right they have. If what many of the men who are out on strike to-day say is true, if many men, with whom I have been associated for years and who are active in labour circles had had the secret ballot; if there had been no intimidation, and if they had all had an opportunity to vote, those plants would be producing to-day, as they ought to be.

This afternoon the hon. member for Cariboo (Mr. Irvine) took my colleague the hon. member for Calgary West (Mr. Smith) to task because he referred to communism, and because he referred to communists who were heading some of the unions in this country. Let there be no mistake; there never was a more perfect plan to communize Canada than there is at work to-day. We have seen it in the last few years. Strangers come into town and stir up industrial friction, organize a few men into a union and call the factory on strike, without any hope of winning the strike. But they do it for one purpose: They do it because they want to cause unrest. They want to thwart authority. They do not want these strikes to be settled; they do not want peace in industry. They want to create unrest, and to sabotage the whole economy of Canada. Just as soon as these men see that there is no chance of winning the strike—and I have seen it time and again; I know the Minister of Labour has seen it—they get out from under, sneak away and leave these strikers, whom they have urged to go out, holding the bag.

What is behind this plan, this well-conceived plan, a plan which they must have never expected to bring into actuality? They do this because they can sneak away and leave 100, 150, 200 or 250 strikers that they have taken out of industry, and most of whom want to work—they leave those workers holding the bag, in the belief that they have left behind at least twenty-five or thirty, or perhaps a few more, communists.

They are men with hatred in their hearts, men who hate their employers, men who hate constituted authority, men who hate everything. And why? Because they are led by these men, led to go out on strike. If they can carry out that pattern in every industrial centre in Canada, as they are trying to do, Tim Buck will have his 40,000 communists in this country.

Mr. Speaker, this is a serious situation. I find fault with the government for having passed an order in council and then not enforcing it. Our committee report says that law is the basis of society. Undoubtedly, after the most careful consideration the government passed an order in council. That order in council provided that a controller would be put into the steel company plants. The order in council provided that those who violated it would be punished; there was a punishment clause inserted. It provided that, the steel controller having taken over the plants, having taken the plants from these companies, they were no longer the property of those companies, but rather the property of the government of Canada. The steel controller had power to make agreements as to wages or anything else.

Why did he not exercise those powers? Why is the government going to allow lawlessness

in this country? If we allow that, then goodness knows what will happen in the very near future. If we are to overlook the breaking of law, as it has been done in Hamilton—and I do not care whether it is industry or the employee who breaks it—and as it was done in Windsor, then surely we cannot blink at things like that. But we have done it.

Some members will say to me that under an order in council you could take these men into court and fine them for a breach of the order in council. They would say, "If you were Minister of Labour or Minister of Justice would you be prepared to drag 2,400 or 2,500 people into court and fine them for breach of the law?" My answer would be this, that if I were not prepared to carry out the order in council I would not have passed it.

I have said that when the committee met we got to know each other better. I feel that the members of the committee sat down with the honest intention of accomplishing something. We now come into the house and we find that there is certain opposition to the report.

I am not surprised at the attitude of the hon. member for Vancouver East (Mr. MacInnis) toward matters pertaining to labour, toward matters pertaining to the general economy of the country, and toward industry in this country. I have never heard him say anything good about industry in this country and I do not expect he ever will. There are certain people who can continue with that attitude and that type of feeling in their ridings and perhaps the people will continue to return them to the House of Commons. As I say, I was not surprised at the attitude of the hon. member for Vancouver East, because to him anyone who employs anyone is just taboo. He wants to have no association with such a man. When the hon. member was speaking in the house on November 6, 1945, the hon. member for London (Mr. Manross) asked a couple of questions. I quote from page 1894 of *Hansard* as follows:

> Mr. Manross: How many men did you ever hire?
>
> Mr. MacInnis: I never hired anybody.
>
> Mr. Manross: And never will.
>
> Mr. MacInnis: Quite right, and I do not want to because I do not want to make a living by exploiting somebody else.

That is the policy of one of the chief lieutenants of the leader of the C.C.F. Supposing every one who started any type of industry in this country had had the same idea? There would not have been any industry in Canada; there would not have been anything in this country. Some of those hon. members condemned communism in the committee, and I believe they were sincere; but speeches such as we have heard during this debate will certainly do nothing to bring industrial peace to this country. Rather they will do everything to stir up industrial unrest.

I do not happen to be one of those who can look back to centuries of British blood behind him; I happen to be a descendant of people who came from Europe, a long time ago it is true. They came here, and all they asked was the right to set their feet on the shores of Canada and be permitted to work out their destiny. They could not speak English when they came here, but that is 140 years ago. They saw what was happening in their own fatherland and they left, not because they hated their fatherland but because they loved freedom more. They came to Canada, and over the years like hundreds of thousands of others they struggled to make this country what it is to-day. They asked for no favours; all they asked was the right to work, to live their own lives and to raise their children with a certain amount of freedom to them.

They never thought the day would come when this land of their adoption would be faced with the very thing that they had hated over there, with the very thing that was the curse of Europe, the thing that will be the curse of Canada unless we take steps now to see that it is wiped and blotted out. I blame the government for not enforcing the law as they ought to. I blame the Minister of Justice (Mr. St. Laurent) for having written to the city council of Hamilton saying, "While this committee is sitting, I am not prepared to say what I would do with regard to enforcing the law." I do not know that you should have the right to suspend a law simply because the House of Commons is sitting. Supposing we had been discussing capital punishment or thievery or something else, would you have suspended the laws because some committee was discussing those matters?

This thing is so serious that it will take a strong hand to handle it. We have a wonderful future, a future for which thousands and thousands of men died in this war and thousands and thousands died in the first great war. It is up to us to see to it that the future they fought to preserve for us is preserved. The only way we can do this is by seeing to it that the law in Canada is lived up to and that communism, with all the viciousness that it represents, is wiped out.

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, first of all I should like to compliment the hon. member for Waterloo South (Mr. Homuth) upon his remarks, because they take me back to the old days. His views on government and the rights of labour, notwithstanding the fact

that he sits there and I stand here, have not differed since those days. I agree with him on the broad question of freedom; I believe in what is sometimes called free enterprise.

I often wonder what would have happened to the freedom of some of my hon. friends during the recent war had it not been for this vicious system of free enterprise they speak of. Over fifty per cent of the industrial production of the world is to be found in North America. Had it not been for that tremendous industrial machine and the will to die if necessary to save a way of life on the part of the young men in our fighting forces, freedom as we understand it would have perished from the earth.

Let me say to my hon. friends who believe in the philosophy of communism, if you can call it a philosophy, that had it not been for the driving forces of our free institutions, communism as they understand it might have perished from the face of the earth and fascism might have reigned supreme upon the continent of Europe. Let us be frank and honest about this and give credit where credit is due.

The driving force of free enterprise, of the people who at one time stood alone to save free institutions as we understand them, was what saved our civilization. In my judgment, some of the so-called leaders in this country have deliberately set in motion policies designed to destroy the reconversion efforts of the Canadian people. Where were those so-called leaders prior to the entry of Russia into the war? Let us look at the record.

Mr. IRVINE: What has this to do with strikes?

Mr. MITCHELL: The hon. member need not worry, I will come to the strikes. I tell my socialist friend not to worry about that. Where were they?

Mr. NICHOLSON: Where were they in the Grey North by-election?

Mr. MITCHELL: Where were they—

Mr. SPEAKER: I would ask hon. members not to interrupt the minister who has the floor, without his permission.

Mr. MITCHELL: I have no objection to interruptions because I have lived in that atmosphere all my life. I come from a town where we glory in it. What I wanted to bring to the attention of the house is this: You cannot play politics at this particular time with the destiny of a nation. I am sure that my hon. friend the member for Calgary West (Mr. Smith) after being here for a couple of sessions must sometimes like myself wish he had stayed at home to enjoy the balmy breezes of the foothills of the Rockies. I know I sometimes regret being in my present position, but like my hon. friend I felt it my duty, during the difficult period we have been passing through in the last six years, to stay on. Let me compliment him upon making the motion he did and upon the statesmanlike attitude he took on the broad question of industrial relations when he made his speech in the House of Commons. I do not say this to flatter him but he showed deep insight into the processes that have made our democratic institutions what they are, and a deep insight also into the aims and aspirations of the working people of this country. I want to point out that the motion to establish the committee was supported by every member of this House of Commons without exception. The report of the committee was a unanimous one, with the exception that two members of the committee disagreed with one section of the report.

Mr. BENTLEY: Three.

Mr. MITCHELL: Who was the third one?

Mr. BENTLEY: I was.

Mr. MITCHELL: Well, then, history has been made. I did not see much of my hon. friend in the committee but he must have come along later. I believe that the committee rendered a distinct service. The hon. member for Macleod (Mr. Hansell), in the course of his address, asked me if I had learned anything from the committee. I am certain that the people of Canada learned something from the discussions in the committee for, after all, the processes of democratic government breathe and live on difficulties such as were presented to us. We had officers of labour organizations and of industry appear before the committee and give their opinions on labour conditions as they are at this moment. I do not think any member of the committee felt that a conciliation board of thirty-five members could settle any industrial dispute. The committee was not set up for that purpose, and the record will bear me out in that statement. I think it was the hon. member for Calgary West who suggested that we endeavour to settle the dispute in the steel industry, and Mr. L. W. Brockington, K.C., was asked to assume that onerous duty. I want to pay this tribute to Mr. Brockington: I think he served the committee well.

May I add that Mr. Justice W. D. Roach also served the committee well. At the very basis of our institutions is the right to differ in opinion, and it may be that some differed with the opinions of Mr. Justice Roach, but

undoubtedly he has rendered a distinct service both to labour and to employers by acting as chairman of fourteen or fifteen conciliation boards, and he assumed the difficult position of commissioner in this dispute in the light of his previous experience.

The speeches that have been made in this house since the committee's report has been before us have given some indication of the difficulties in industrial disputes. I have had some experience in these matters, and I do not believe that you can settle an industrial dispute by making statements to the newspapers. Industrial disputes are not settled in that way. Nor can you, in my judgment, settle them by taking sides in this house. At this very moment conferences are going on in the largest industry in this country in connection with a dispute over wages. You see nothing about it in the newspapers; yet these conferences are going on in a constructive effort to effect a settlement.

I do not think you can be a trade union leader and a politician at the same time. I say that from practical experience. My Conservative friends, particularly my hon. friend the member for Haldimand (Mr. Senn), will remember that it was a regular thing some years ago for the Conservatives to win Hamilton East. In fact we had to pick out the sacrificial goat to take a beating by our Conservative friends. But, thank heaven, those days are past.

Mr. SENN: There is another day coming.

Mr. MITCHELL: We shall see. I remember that in 1931 I was secretary of the Hamilton district trades and labour council, and the boys said to me, "Humphrey, it is your turn next." At that convention there were thirty official delegates and I was nominated as the candidate. After the election, I woke up the next morning and found I was member of parliament for that constituency. I have found this out from experience, that I could not combine the two offices—

Mr. ROWE: You did well for a while.

Mr. MITCHELL: That is true, and I have done well since. But I found that in practice I could not be a good secretary of the trades and labour council and at the same time make the contribution I should make in this House of Commons. The two things do not work together. I am not going into the history of it. We used to run a non-political council in those days.

Mr. ROWE: "Some" non-political council. I remember it quite well.

Mr. MITCHELL: My hon. friend says he remembers it?

Mr. ROWE: The biggest political council in Hamilton.

Mr. MITCHELL: I want to tell him that the Hamilton trades and labour council in my day made the greatest contribution to the life of the community of any organization in the city of Hamilton.

Mr. ROWE: They must have, when they elected you.

Mr. MITCHELL: I intend to deal briefly, and I hope in a non-political way with what I think of the fundamental principles of this report and what I believe are the fundamental issues which confront the people of this dominion. Rightly or wrongly—and I believe, rightly—this nation and this committee have endorsed the principle of price control.

Mr. ZAPLITNY: Massey-Harris.

Mr. MITCHELL: My prairie chicken says "Massey-Harris".

Mr. KNOWLES: Let us not get into the zoo again.

Mr. MITCHELL: I repeat, rightly or wrongly the great majority of the people of this country have endorsed the principle of price control. I am frank to admit that this is a matter of judgment, of opinion. My hon. friend the member for Rosetown-Biggar (Mr. Coldwell) spoke a couple of days ago of bringing in the scientists. He also reminded us that economics is a dismal science, and we all know that no two economists in one room can agree with each other. You have to get plain, every-day people like the hon. member and myself to make the decisions. However, I admit there are two points of view. There are those who, like my hon. friend the leader of the opposition (Mr. Bracken), hold that the proper thing to do is—in the language of the street—to lift the lid, get the production, and let it shake itself down. That is the course they have plotted in the United States. We think that, at least in this period of transition, the soundest thing to do is to move gradually and in an evolutionary way out of the controls which were necessary during the war. I think my hon. friend will give us credit for as much sincerity as he himself holds, and he will concede that all of us, in the final analysis, are advocating our respective policies with the simple and fundamental object of protecting the living standards of the great mass of the people of this country. Only time will tell whether he is right and we are wrong, or whether we are right and he is wrong. Naturally, I believe that we are right, because—

Mr. McIVOR: Because you know.

Mr. MITCHELL: No; I am not one of those clever fellows who bet on the horse after the race is run, like my hon. friend the member for Dufferin-Simcoe (Mr. Rowe). But the proof of the pudding is in the eating of it. Look around the world and you will see that in every country there is a fight to maintain the living standards of their people. And which nation has been most successful? The record and the figures show that Canada has been more successful than any other nation in the world.

Mr. PROBE: Ten families to a house.

Mr. MITCHELL: I have no patience with those people who always decry their own country and their own people. When all is said and done, these policies would not be possible but for the cooperation of the great mass of the Canadian people. Like the hon. member for Waterloo South I was not born in this country.

Mr. MacNICOL: He was born here.

Mr. HOMUTH: Sometimes I wonder why I was born.

Mr. MITCHELL: When I listened to some of the hon. members who spoke this afternoon I wondered that about myself. I have been in most of the countries of the world, and I know of no country where I would rather live and raise my family than Canada.

I have suggested that we should look around. Let us look across the street. I sit for the constituency of Welland. I fought the last election on wage stabilization and price control, and all I had to say to my good friends there was this, "Do not ask me; just go across the border." My hon. friend the Secretary of State (Mr. Martin) could ask his voters the same thing, just to go across the bridge from Windsor into the city of Detroit. There is no need to go to New York or Philadelphia or Chicago to see the effects of an unrestricted price structure.

I think it was the hon. member for Cape Breton South (Mr. Gillis)—and I am not saying this "in a kindly way"—

Mr. GILLIS: You can be as rough as you like.

Mr. MITCHELL: —who took our good friend Donald Gordon and took him to bits and put him together.

Mr. GILLIS: That is right.

Mr. MITCHELL: I am convinced of this, that my hon. friend would admit in his quieter moments that he does not covet the job which Donald Gordon is trying to carry out.

Mr. GILLIS: I was very kind to him.

[Mr. McIvor.]

Mr. MITCHELL: Let us look at the record. In the United States the whole road is strewn with men who tried to do what Donald Gordon and his organization have done so successfully in the Dominion of Canada. I know it is easy to rise in one's place in this house, with all the freedom we have, and criticize some individual who is not here and cannot speak for himself. That is the easiest thing to do. But if I have to choose between Gordon and some third-rate economist that I see walking around in the railway committee room, slipping notes to certain people, I will choose Donald Gordon.

Here is an extract from the Winnipeg *Free Press,* which I think is one of the best papers in Canada, although it criticizes me sometimes.

Mr. ROWE: Not very often.

Mr. MITCHELL: Probably more often than I deserve. This is dated August 20, 1946:

> The first comes from the August issue of *Labor's Monthly*, published by the American Federation of Labor:
>
> "To-day all Americans are being penalized because a small portion of American workers used the strike for political purposes last winter . . . unaffiliated unions used the strike to force the government-dictated wage price formula of February 14 which broke price ceilings. "From then to June 30, OPA granted 504 industry-wide price increases, and individual increases to some 11,500. Wholesale prices rose four per cent from February through June. These price increases of course forced retail prices upward at a slightly later date so that cost of living had already risen three per cent when OPA expired on June 30, and the rise was gaining speed . . . Practically the entire living-cost rise has occurred since the steel workers forced the price-ceiling break in February and as a direct result of this break."

Let us get the other side of the picture. The *Economic Outlook,* a publication of the C.I.O., rival of the A.F. of L., says:

> At the present stage of events we can accomplish more by price action than by wage action to maintain the purchasing power of labour. Wage increases, if won, are likely to be promptly reflected in further price increases. This is one of the facts of inflation that labour should reckon with in its fight to protect its standard of living.

I was reading the New York *Times* at lunch to-day, and in its issue of August 21 I found the following:

> UAW begins a new drive for pay rises; Files demands for 70,000 at Chrysler
>
> Norman R. Matthews, Chrysler director of the union, described the move as the beginning of a drive for higher wages throughout the automobile industry.
>
> In a letter to Robert W. Conder, Chrysler director of labour relations, Mr. Matthews asked that wage talks be reopened in sixty days. He said:
>
> "Drastic wage cuts which rising prices have imposed on the hourly-rated and salaried Chrysler employees leave them with no other

alternative than to hereby serve notice on the corporation of their desire to reopen the matter of a general wage increase."

The last general wage increase at Chrysler came last January, when the union was granted an 18½-cent-an-hour increase for production workers and equivalent salary increases for other Chrysler employees covered by union contracts.

There is the story in six months. Some people have called me ten-cent Mitchell, but I have been called worse names than that; but let me say that I am not going to take the position that some hon. members take in the house, that you can have price control without a measure of wage stabilization. I think it is dishonest, but I will give them the credit of not knowing any better. I will go that far.

When I lived in Hamilton I did not have the reputation of kidding the working people and the farmers of Canada. I fought for higher wages. I have been in the van of every social advance in the country. I fought for higher wages and better working conditions and trade union organizations when some of the overnight revolutionaries of the country did not know what a trade union was.

Mr. MACKENZIE: Before the C.C.F. was born.

Mr. MITCHELL: In those days in Hamilton we used to call them the "latter day saints." As I say, I have always been a believer in higher wages and progressive legislation irrespective of whom it was introduced by. I still maintain that position to-day.

As I have said before in the house, we have an obligation to the millions of defenceless people in the country who cannot protect themselves. We have an obligation to see to it that, as far as humanly possible, with all the trials, tribulations, difficulties and pressures, we protect the living standards of that, as I call them, great defenceless mass of people in Canada. So far as I am concerned, while I have breath in my body I am going to continue to do just that very thing, notwithstanding what may be said by those people who, if they had their way would destroy to-morrow morning freedom as we understand it.

That brings me to another point, but I might stay with price stabilization a little longer. With regard to the present disputes, I think it can be freely admitted by all of us that in 1944 we established a labour code in this country under the jurisdiction of the Department of Labour. I give credit to every party in the house for not criticizing that code at that time, which is an indication that they approved it. It was endorsed by every labour organization in the country. For the first time in the history of Canada labour organizations were protected by law and given the right to bargain collectively. I am frank to admit that the organizations played some part in it, but, since the establishment of that code, labour organizations in Canada have grown faster than at any time in their history. Let us give credit where credit is due.

Then in the Department of Labour we built up the largest conciliation service in the history of the department, a conciliation service which, in my judgment, given a degree of common sense by both sides and the will to conciliate, can solve any industrial dispute. But I do not think there is any substitution for common sense and conciliation in the adjudication of labour disputes, and that goes for both sides.

It was said by an hon. member here this afternoon, who claimed that he was a trade unionist, that we were out to destroy trade unions. Any man who would say that in this day and age—well, it is amazing to me that he should be a member of the House of Commons.

Mr. STEWART (Winnipeg North): Study your own legislation.

Mr. MITCHELL: Take the director of industrial relations in the Department of Labour. He is a trade unionist of forty years standing. The director of industrial relations came from the Canadian Congress of Labour. The deputy minister of labour was an old trade unionist before he went into the labour department of the Manitoba government.

The hon. member for Calgary West will remember that one of the witnesses accused Gordon, myself and, I think, the employers, of a conspiracy to bring on a depression. Just imagine that!

Mr. REID: That is old stuff.

Mr. MITCHELL: That is the stuff which makes revolutions out of this pie-in-the-sky philosophy expounded by these fellows which the people sometimes do not understand. Let me say to the employers of this nation that there are no grounds for the so-called fears expressed by some of the hon. gentlemen who have spoken in the last three days. As I have said before, any employer who thinks he can destroy labour unions is just wasting his time. He might just as well try to push back the St. Lawrence river. As a son of a trade unionist and a trade unionist by conviction, I believe that there is no substitution for a well-organized, well-disciplined and well-run trade union as an instrument for the advancement of the working people of Canada.

May I stay with price controls for a moment longer. You cannot have it both ways. I shudder to think what would happen in this

nation to-morrow if we wiped out price control. Supposing we wiped out rent control. Let us go into the matter with our eyes wide open. What would happen if we wiped out rent control; who would be the greatest sufferers? I think everyone will agree that the working people of this country would be the sufferers. There are many other aspects of price control I could enumerate along those lines.

I now come to section 6, which everybody is bothered about. We are going into uncharted seas here, I am frank to admit, but I have always argued that if you have a good case you need never be afraid to go before any tribunal you think is reasonably honest and decent. Neither should anyone who has a good case be afraid to put it into a secret ballot box. That is so crystal clear to me. The hon. member for Cape Breton South and the hon. member for Skeena (Mr. Archibald) have had a great deal of experience in these matters, I am sure, as I have; and they must have known cases where people were brought in from the street to vote in what did not in the least resemble a ballot as we understand it. The united mine workers of America, from their own practical experience, saw to it that such a condition should be part of the machinery of their organization. I have a vivid recollection—one of many—of a meeting of about sixty people who, by a show of hands, called a strike of 1,400 people. I do not think that is the proper way to run any kind of organization.

I could give the house many examples. I was chairman of a commission having to do with a dispute being run by one of the witnesses who appeared before the industrial relations committee, where they brought people in from the street to cast a strike ballot. And mind you, I think that cuts both ways. I have knowledge of employers doing the same thing, so that all the disciples are not on one side. I think, with a staff skilled in the application of this recommendation of the committee, any minister of labour can use the judgment which is necessary to see to it that it is carried out fairly. If he does not he should not be minister of labour, and possibly would not be after the next election. That is the great curative force in all these matters. I believe it is well worth giving a try. I am not going to suggest that it is a cure, you understand, Mr. Speaker, but let me remind hon. members that, with the exception of three members of the committee, this was a unanimous report, which is an indication of the drift of public opinion in regard to the irresponsible leadership of organizations. That is inevitable. The pendulum swings both ways. This is an indication of the feeling in the minds of the members of the committee, who represent a broad cross-section of the people of this dominion.

The question of picketing has been touched upon. I have not a great deal more to say about that than I said when I answered the hon. member for Vancouver East (Mr. MacInnis) the other day. I am going to repeat my statement at that time. I think an Englishman's home is his castle. I believe he has a right to move from his home to his place of work or business and back again without being molested by anybody, whether they are in the employ of an employer or of a trade union. Let us walk down the middle of the road. I have known the day of the picket line. I have known the day of the goon squad, a day which in this dominion I am happy to say is fast passing. The suggestion has been made that we study the law of picketing. The law of Canada in regard to picketing is akin to the law of Great Britain. I was a party to making submissions to Hon. Mr. Guthrie, who was then minister of justice, which brought about the amendment in 1934 of the law concerning picketing. If hon. members are keen on studying that I can tell them it was the submission of the Trades and Labour Congress of Canada of April, 1934. I could read it, but it is quite a lengthy submission. I remember talking to Mr. Guthrie, who in those days sat where the Minister of Trade and Commerce (Mr. MacKinnon) now sits.

Mr. SPEAKER: Order. The hon. gentleman has spoken for forty minutes.

Some hon. MEMBERS: Continue.

Mr. MITCHELL: That is an encouragement. I think in five or ten minutes I can finish. Let me repeat; I do not think you can have price control without a measure of wage stabilization. We built up across this country a system of boards composed of representatives of labour and of industry, with an impartial chairman, and in some cases the Minister of Labour. Labour representation was put on those boards at the request of labour organizations. Here again, Mr. Speaker, even with the building up of that machinery and all the conciliation services, I do not know how one can settle any labour dispute unless both parties are prepared to use the machinery placed at their disposal. Let us go one step farther. The will of the majority should prevail. The vast majority of the trade unions of this country have availed themselves of the instrumentality of these respective boards. Here, however, you have men representing forty thousand people who deliberately set out to circumvent the boards established for that purpose.

We talk of industrial councils. I am all for them, but I do not believe in compulsory cooperation. I do not believe it is practical, logical or sensible. My advice to the steel workers, to the electrical workers, to the rubber workers and to all other trade unions, in their own selfish interest if you want to put it on that level, and my advice to the employers—and you can put that on the same level—in the interests of our way of life, is that they avail themselves of the machinery set up by the government for the adjudication of labour disputes in this country. Anyone who advises to the contrary is in my opinion, not rendering a service to the employers, the employees or the nation itself. That is why Mr. Brockington's task was so difficult. That is why Mr. Justice Roach's task was so difficult. That is why the task of anybody, in any dispute, is so difficult, when the two parties will not avail themselves of the machinery established by law in this country. My mind goes back to the last British general strike. I have a definite recollection of what led up to it, and what happened after it was finished. It was germinating for many months, and those of us who were there will remember it well. Mr. John Clynes, who was a minister in the war cabinet in the first great war, and secretary of one of the largest organizations in Great Britain had this to say:

> I have no doubt that we shall be told that this new-found and ill-digested policy is worth a trial. Those who have thought this matter out know that in giving it a trial they would begin by paralysing our industries and our whole social system. That paralysis would affect first, and worst, the masses of the poorer population. You cannot do it without anticipating a condition of civil war.

I believe this sincerely, that our thoughts should not be influenced by sentiment. If these present disputes are to be considered as substitutes for legal processes, then it is a challenge to our form of government and to our way of life.

I shall not detain the house longer, except to say, as my hon. friends in the committee said, that there are people in this country who do not want us to succeed in our reconversion programme. They do not fit into the pattern of things. They are the people who call for the abolition of wage controls. They are the people who call for the resignation of myself and Donald Gordon, and everybody who attempts to express an opinion in this country. I was rather glad this afternoon to see my hon. friend the member for Winnipeg North (Mr. Stewart) in association with one of the leading communists in this country, in connection with a resolution which I received only within the last couple of days. It says:

> War labour boards and a return to free collective bargaining and the immediate resignation of labour representatives of these boards as a first step towards their dissolution and the immediate resignation of Donald Gordon, chairman of wartime prices and trade board and the Hon. Humphrey Mitchell, Federal Minister of Labour.

I am sure my hon. friend is complimented. He knows the game. He comes from Winnipeg. He is an old trade unionist. He says he is an old trade unionist, and he knows the way it goes. He knows the battle that his own party has had with those people. And let me say this—

Mr. MacINNIS: We never cooperated with them, as you did.

Mr. MITCHELL: Oh, now; that is all right. Let me say—

Mr. MACKENZIE: Nonsense.

Mr. MacINNIS: It is not.

Mr. CHEVRIER: You do not like what the minister is saying.

Mr. MITCHELL: Now, just a minute, do not be too hasty. The hon. member for Vancouver East (Mr. MacInnis) had a communist party candidate against him in the last election. Of course he did—and so did I.

Mr. MACKENZIE: And so did I.

Mr. MITCHELL: And he lost his deposit.

Mr. MacINNIS: In my case not only the communist lost it, but so did the Liberal and the Conservative.

Mr. MITCHELL: Then why trot out this old talk that we cooperated with the communists? That is all right for the soap-box, but it does not go here.

Mr. MacINNIS: Do not be so contemptuous of the soap box.

Mr. MITCHELL: I have spoken from one many times.

Mr. MacINNIS: You are a good man on the soap-box.

Mr. MITCHELL: And that may be true, too. I want to say this in conclusion—and perhaps I have overstayed my welcome—

Some hon. MEMBERS: No.

Mr. MACKENZIE: You are making a good speech.

Mr. MITCHELL: I say this, that what is needed at the present time is for all of us to endeavour to maintain the condition of stability we enjoyed during the war.

When we look around the world; when we look to Calcutta, to Palestine, to Yugoslavia, to Italy, and to those other countries—and among our own family group—we see the emotional let down which is inevitable after six years of terrible war. I predicted that, given a stable economy, we would enjoy a boom for many years in the Dominion of Canada. If we have that individual self-discipline, without which no government can fashion a policy, I have no fear of the future well-being of the people of the Dominion of Canada, irrespective of what political party they belong to.

Some hon. MEMBERS: Question.

Some hon. MEMBERS: No.

Mr. F. S. ZAPLITNY (Dauphin): Mr. Speaker, I think the people of Canada and the labour movement generally will be disappointed in the performance of the Minister of Labour (Mr. Mitchell).

Some hon. MEMBERS: Question.

Mr. COLDWELL: A free parliament; free speech!

Mr. DEPUTY SPEAKER: I must ask hon. members to maintain order.

Mr. MACKENZIE: Delaying parliament.

Mr. DEPUTY SPEAKER: The hon. member for Dauphin has the right to speak, and he has the floor.

Some hon. MEMBERS: Question.

Mr. ZAPLITNY: I am sure the stalwart supporters of Liberalism and free speech on the other side of the house—

An hon. MEMBER: Oh, never mind that; get on with your speech.

Mr. ZAPLITNY: Mr. Speaker, if hon. members across the way are eager to get on with the work of the house they will help both themselves and the house by keeping quiet, because I do not intend to be shouted down. I will stay here as long as necessary.

I was about to say that the country generally and the labour movement in particular will be disappointed in the speech just made by the Minister of Labour. I am not saying that particularly to criticize the minister; I say it advisedly, because I feel the people of Canada at a critical time like this, when production is being held up by industrial unrest, and when the labour movement which to-day, I believe, is trying to cooperate with the government, is being pushed in the face, in return, would have expected that the Minister of Labour, after a long debate of this kind, would rise in his place and place before the country some plan, and some solution for the present situation.

In spite of that, we heard nothing to-night that we have not heard in the last three days. And the Minister of Labour, instead of telling the house and country what he and his government intend to do to rectify the situation which exists in Hamilton—and it is a serious situation—spent his time in lecturing the house about communism, and things of that kind. Let me say at the outset that I hold no brief for communism, neither does the party with which I am associated. However, it is strange that in June of last year before the election we did not hear these inflammatory speeches against communism by our friends the Liberals because at that time it was more convenient to keep off the subject.

What are the workers asking for to-day? They are not asking for much, only a living wage as was referred to by the speaker to my left. They are simply asking for something that will put them where they can keep their families and themselves in these post-war years. They are not even asking for more money than they were receiving; they are just asking for wages high enough to compensate for the higher cost of living. When they find it necessary to go out on strike to get this, what does the Minister of Labour do? He calls them communists.

I will admit that not all members of the Progressive Conservative party think in this way, but one member spent most of his time while he was speaking to-night, in tell us about the horrors of communism. I maintain that the time may come when it may be necessary to debate the virtues or otherwise of communism or any other ism, but this debate is not the time at which to do so. I believe that in this debate hon. members should have stuck to the question, and the question is: What are we going to do about the industrial unrest in Canada?

I think it is wrong to suggest to the people of this country that all our labour troubles are caused either by communists or by politicians. There must be a basic reason why people go out on strike. People do not go out on strike simply because they are well off; there must be a basic reason for this unrest and that reason has not been brought out. The hon. member for Waterloo South (Mr. Homuth) made a statement which I believe should be corrected. He referred to the speech of my leader who spoke earlier in this debate and he accused him of being in favour of tying wages to profits and a few other things. He was asked this question by

the hon. member for Waterloo South, and he made this reply as reported on page 5172 of *Hansard* of August 21:

Mr. Homuth: Would the hon. member pay a man according to his personal productivity?

Mr. Coldwell: I would say that, taking an industry on the whole, the average productivity of the individual in that industry should bear some relationship to the amount he receives in wages; in addition to the productivity per man, the profits of the industry, the reserves which have been built up by the industry, the working capital and other financial factors, and the relation of the particular industry to the economy as a whole, the standard of living and wages of the workers concerned, and all the factors . . .

That makes it quite clear that he was looking at the picture in its broad form. The reason why this group has been carrying on this debate is not the reason we have been accused of. It is not to make political capital; it is simply because we feel—I have good reason for feeling this myself—that the work of the committee has not been completed. I do not intend to say anything disparagingly about the work of the committee because I have great respect and admiration for the members of it. I attended a few meetings because I was interested in the proceedings, although I was not a member. I always found the committee members to be hard working, industrious men who were putting in a great deal of their time. But the work of the committee is not completed.

To support my contention, I should like to bring to the attention of the house what the president of the Canadian federation of agriculture, Mr. H. H. Hannam, had to say in a letter dated August 14, which he addressed to the chairman of the committee. The letter reads:

Dear Sir,—

The report of hearings which your committee has conducted into industrial relations prompts us to suggest that there has been no assembling nor appraisal of facts and information on which the decisions of such a committee ought to rest. No doubt you and members of your committee feel this very keenly.

That is the opinion of the man who represents the organized farmers of this country. In his opinion the committee had not yet acquired the data and information on which it could form a conclusion. Further on, he makes a recommendation or suggestion, as follows:

We believe that the first step in facing up to this situation would be the appointment of a royal commission which would survey the division of the national income as indicated by the levels of farm prices, industrial wages and corporation profits, and make recommendations for adjustment of balance where necessary, and submit a charter of economic rights which would commend itself to the people generally, and thereafter serve as the basis for necessary action in the preservation of industrial peace and the maintenance of an equitable economic balance among all groups.

When a man such as the president of the Canadian federation of agriculture expresses the opinion that the work of the committee was not finished; when we have members on practically all sides of the house admitting that, although the committee tried to get all the information they could, there was a great deal they could not get, then there is good reason for this group moving the amendment which was moved this afternoon to the effect that the whole question should be sent back to the committee to give them an opportunity to finish the job they started.

The work of the committee was not finished because, regardless of the technical terms of its reference, I believe it was understood by the people of this country that it was appointed in a time of crisis to try to bring to parliament a formula for the solution of industrial disputes, and that formula has not been presented. The recommendations in the report are not particularly harmful because they do not mean a great deal. They are recommendations which probably could have been put in any report. But they do not do the job which the committee set out to do. The situation in Hamilton has not improved and the number of strikes have not decreased. The intensity of the antagonisms that existed has not been lessened, and we find that to-day the country is faced with the same situation that existed on July 16.

I should like to refer to something which was given as the chief reason for the difficulty the committee had. The committee was told that the chief difficulty was that the wartime prices and trade board had informed the committee and the government that ten cents was the ceiling, so to speak, over which wage increases could not go. I am not going to say anything of a critical nature about Donald Gordon, because I do not believe that a man should be attacked because he is trying to administer a policy laid down by the government. If any criticism is due, it should be levelled at those who lay down the policy.

However, I should like to point out that, as far as the wartime prices and trade board and price control generally are concerned, the same attitude has not been taken toward the workers as has been taken toward certain other interests. For example, I hold in my hand administrator's order A-1959 permitting an increase of 12½ per cent in the prices of farm implements. If you go through the list contained in this order you will find that it

covers not only what we regard as farm implements but practically everything the farmer needs. This includes planting, seeding and fertilizing machinery; ploughs; tillage implements and cultivators; haying machinery; harvesting machinery; sundry machines for preparing crops for market or use; farm power; farm wagons, trucks and sleighs; dairy machines and equipment; spraying equipment and dusters; domestic water systems and pumps; barn and barnyard equipment and miscellaneous equipment. That is an instance where the prices board felt they could be pretty generous by giving an increase of 12½ per cent.

I have another order in my hand, A-1907 dated April 1, 1946, permitting increases in certain types of bedding and upholstered bedding. Pocket spring filled mattresses were increased by 20 per cent. Blown cotton and plater mattresses, including crib, cot and couch mattresses, were increased by 25 per cent. These increases were over the prices that existed on March 30, 1946. The same order granted price increases in studio lounges, studio sets, bed davenports, bed dapenport sets, lounge sets, and so on, of 20 per cent. There again it appears that the prices board was not too afraid of inflation, for it permitted generous increases on these goods.

I have a third order here, A-1973, dated April 30; 1946, which permitted an increase of 35 per cent in cotton flock or mixed cotton and wool flock and an increase of 30 per cent in white cotton felt, and an increase of 30 per cent in colored cotton flock.

I want to refer to order 620, which summarizes the ceiling prices on a number of articles up to April 8, 1946. If you go through this list you will find 150 classes of articles on which the price ceilings have been suspended completely, on which there is no price ceiling at all, and in each classification you will find from six to eight different articles. This means that the price ceilings have been suspended entirely on over 1,000 articles, and a great many of these articles are essentials in every household. In addition the price ceilings have been altogether suspended on a certain number of services such as the repair of furs; publishing and printing, repair and maintenance; repair and maintenance of boats and floating equipment. I could go on for the better part of an hour pointing out thousands of articles on which the price ceilings have been suspended or a price increase granted, some running from 20 to 35 per cent, which is a substantial price increase. But when it comes to an increase in wages for the workers of this country, the very men who made the production of these articles possible, we are told that any increase over ten cents an hour would be inflationary. I do not think that attitude can be defended.

The hon. member for Waterloo South seemed to take a great deal of pleasure in attacking the members of this group and trying his best to identify us with communism—which, of course, he knew was not true. The record of his own party on price control needed a little defending and I was surprised that he did not do something about that. It was not so long ago that some of the very members in his group who have spoken in this debate rose in this house and used every word they could think of to denounce Donald Gordon. In those days it was: Down with Gordon—Away with price control—Take off the lid. To-day, when it comes down to giving the workers of this country a wage increase of more than ten cents an hour, these same members are getting up in their places and saying: Hold the Gordon line. There is certainly something funny about that.

The hon. member for Waterloo South made quite a play about this order in council, P.C. 2901, appointing the steel controller. He rose in his place and said in a determined way that if he had been responsible for an order in council of that kind he would see to it that it was enforced. Let us see what this order in council contains and what the hon. member was so anxious to enforce. I turn to section 9 of the order in council, which reads:

> . . . and every person who fails to perform his duties as aforesaid as herein required without lawful excuse, the onus of proof of which is upon him—

I was surprised that the hon. member for Lake Centre (Mr. Diefenbaker) did not jump on that because it is a specialty of his.

> —is guilty of an offence and liable upon summary conviction to a fine of twenty dollars for each day or part of a day on which he fails so to perform his duties.

We have come to the pass where the workers of this country are told by order in council that they must perform their duties or else they will be fined $20 a day. The government hesitated to enforce that provision and I congratulate them upon their restraint. But the hon. member for Waterloo South said that if he had been in that position he would see to it that it was enforced.

An hon. MEMBER: He did not say that at all.

Mr. ZAPLITNY: The record will show. I believe that that is what he said, and when I recall what happened in the 1930's and the

Regina riot I am inclined to believe him. What does section 12 of the order in council say?

> Any person who (a) interferes with the exercise by the controller or any deputy controller of any of the powers, authorities and rights conferred upon him or (b) interferes with any employee or other person seeking to comply with the terms of this order or (c) counsels or procures any person to violate this order, shall be guilty of an offence and liable upon summary conviction to a fine not exceeding in the case of (a) five thousand dollars or imprisonment for a term not exceeding five years or to both.

Pretty strong language; wide powers to hand over to a controller—and these are apparently the very things which the hon. member for Waterloo South would see to it were enforced.

One of the reasons why the members of this group are so anxious that some statement should have come from the Minister of Labour is this. In a few days this house, the greatest tribunal for the protection of the workers that we have in this country, will no longer be sitting, and then the government may decide to take the advice of the hon. member for Waterloo South and enforce the terms of this order in council. If they do so in the present crisis at Hamilton, something may happen there.

Mr. MERRITT: You know that he gave no such advice.

Mr. ZAPLITNY: He said that had be been in the position of passing the order in council, he would have seen to it that it was enforced.

Mr. MERRITT: If he had passed it at all.

Mr. ZAPLITNY: If he had passed it at all, and apparently he was in favour of it because he did not criticize the order in council; he had no opposition to it.

Mr. MERRITT: Now we have the record straight.

Mr. ZAPLITNY: An hon. member to my left asked me whether the controller had the right to settle a strike. Apparently that is one of the things the government overlooked in the order in council, giving the controller the authority to settle the strike, because section 10 says:

> The commissioner, the Hon. Mr. Justice W. D. Roach will continue with his duties as an industrial disputes inquiry commission as aforesaid, and the bargaining representatives of the aforesaid employees and the companies—

Note, it says, "employees and the companies".

> —shall continue their negotiations with a view to the settlement of the matters presently in dispute between them and shall negotiate in good faith with one another and make every reasonable effort to conclude a settlement.

After giving the controller such wide powers over practically the opinions of the workers, I do not see why the government should not have given him power to negotiate with the workers. Then he might have been able to do what is provided in section 11 of the order in council, which says:

> The controller is hereby authorized to apply on behalf of each of the said companies to the appropriate war labour boards for an immediate increase in the wage rates of employees employed at the aforesaid establishments of the said companies, and to give effect to any authorization or direction which may be made or issued by any such war labour board.

The hon. member for Macleod (Mr. Hansell) stated this evening that, in spite of this long debate, no member of the house had presented a solution for the industrial unrest we now have in this country. I am not going to say that is altogether true, because there may have been suggestions here and there which the hon. member may have overlooked; but, generally speaking, his statement may be true. If the government wanted to solve the impasse which things seemed to have reached at Hamilton they might consider the taking over of the steel industry of Canada as a public-owned utility. Why do I say that? I know hon. members will say that it is because I am a socialist, but that is not altogether so. I am not one of those who would socialize for the sake of socialization. I am one of those who believe that where it is necessary to take over an industry or utility or service and run it under public ownership in order to make it serve the people, that should be done.

I think it is not accidental that the Polymer plant, which is a publicly-owned industry, has been singularly free from strikes. Research Enterprises, T.C.A., and a great many other publicly-owned organizations have been free from strikes for a number of years. There is something which we must face in the future; it is this. People talk about private enterprise for the sake of opposing it; but do not hon. members agree with me that in a highly industrialized and highly civilized country the point will come at which you cannot have national development and at the same time have economic empires within the nation, each trying to run their own show? There must come a point at which basic industries that have a great influence over the lives of the people will have to become public utilities. By that I do not mean that every industry has to become publicly-owned; but you cannot have economic empires, with men at the head

of them who are not concerned about public welfare but are concerned only with their profits—and I am not saying that that is immoral, either; it seems to be a natural outcome of our economic system—concerned only with the expansion and accumulation of wealth in their own hands, coming into contact, sometimes suddenly, with public opinion, coming into conflict with other economic empires, and creating chaos in this country. That cannot be. Why do I say that?

I have here somewhere a quotation which I should like to read to the house. I happen to to be an adherent of the Catholic religion, but that is not the main reason why I read this. This is a quotation from His Holiness the late Pope Pius XI, in his Quadragesimo Anno, in which he points this out:

> It is rightfully contended that certain forms of property must be reserved to the state since they carry with them the opportunity for domination too great to be left in the hands of private individuals without injury to the community at large.

I would commend those words to all hon. members, whether they regard themselves as private enterprisers, socialists, Social Crediters or anything else, because I believe that it is sound advice. There is a point in the economic development of any country in this day and age at which certain forms of industry reach a size and an influence where they begin to affect the daily life of every person in the country; and surely the steel industry, being a basic industry, is becoming one of those industries in Canada.

An hon. MEMBER: What about farming?

Mr. ZAPLITNY: Somebody asks, "What about farming?" He ought to know better than that. He knows that no farmer has anything like a monopoly so far as his source of income is concerned. If the hon. member thinks otherwise he can go west and farm to his heart's content.

Mr. BLACKMORE: The hon. member quoted someone a moment ago as saying that up to the present time no solution had been offered in the house. I should like to point out that in my speech as recorded in *Hansard*, at pages 5120 and 5121, the solution is offered, and I commend it to the consideration of all members of the house and to labour throughout the country.

Mr. ZAPLITNY: If I am guilty of having said what I did—

Mr. BLACKMORE: Not "guilty."

Mr. ZAPLITNY: —it is only because the hon. member for Macleod was the one who said it. I am sorry if he did not listen to the speech of the hon. member for Lethbridge (Mr. Blackmore).

Mr. BLACKMORE: I just wanted to get it straight. Perhaps the hon. member for Macleod was not in the house at the time.

Mr. ZAPLITNY: I am sure that that is said with good intentions.

But to come back to what I was discussing, I was pointing out to the government—unfortunately the Minister of Labour is not in the house at the moment—that one of the solutions is for the steel industry to become a public utility for the use of the Canadian people. As I said before, I am not saying that merely because I want to go on a socializing spree, but for this reason. There seems to be a great deal of conflict in the minds of the hon. members who were on the committee itself, and a great deal more conflict in the minds of other hon. members, as to whether or not the steel companies could actually have paid the increase in wages demanded by the union and still go on making a profit and carrying on with their industry. I have not been able to find figures which could prove that either one way or the other. Neither, apparently, has anyone else, because if we turn to page 131 of the minutes of the committee we find that one hon. member attempted to find out something about the cost of producing steel from Mr. Hilton, and was not given the information. I refer to some questions by the hon. member for Spadina (Mr. Croll) on page 131. Mr. Hilton had been talking about the rise in the cost of producing steel and the falling off of profits, and so on, and the hon. member said:

> Have you a copy of this submission to the wartime prices and trade board?

That was a submission of the steel company to the wartime prices and trade board to show that they required this $5 a ton increase in price. Mr. Hilton replied:

> I haven't one here.

The hon. member asked:

> Q. Is it available?
> A. It is confidential information.

That is the kind of reply that the members of the committee got. It was confidential information, so that they were left in the dark as to whether the company could or could not pay increased wages. The union contends that the company can, and the company contends that it cannot. I am inclined to believe that the union know what they are talking about, because, after all, they are the men who are engaged in the industry; they are the ones who make the production of steel possible. I have as much

confidence in the knowledge of the steel industry by the leaders of the union as I have in the president of the company.

But let me refer to another attempt which was made, in this house, to get that information. On July 11, 1946, a return was brought down in the name of the hon. member for Vancouver East (Mr. MacInnis), in which one of the questions in reference to the costs in the production of steel was this:

3. What is the actual cost of production of a ton of ingot steel in each of the three basic producers' plants?

We turn to the reply, which is this:

It is contrary to the board's policy that financial information of individual concerns, which is obtained in confidence, be released.

How is it going to be possible for the members of the committee or the members of this house to decide whether these companies can pay the increased wages, whether the profits which they say they are making are the correct figures—and Stelco admits making over $4,000,000 of profit last year? We do not know whether these figures are exact. We have no access to their books. We have no way of proving to our own mind and conscience what action we should take in this matter. Therefore I say, if this basic industry were made a public utility the government would be in full possession of all the facts and figures. They could, if they wanted to—and I have no reason to believe that they would not want to—call in the union leadership, show them the books, give the facts, and say, "Here is what we are producing; here is what this industry is earning; here are the wages which we feel we can pay without depriving it of the capital required for expansion; that is the most we can offer you." Then, if the amount the government can offer is still less than is required for a minimum standard of living, I believe the union should apply to the government of this country for a subsidy for that industry in order that it may be able to pay a wage which will give the workers a decent standard of living. The decision which will have to be made in the last analysis is this: do we want production of steel in this country? Is it an industry, a form of production which is basic and necessary to our economy? If it is, we shall have to see to it that steel is produced. If the private concerns who are in charge of it to-day cannot see eye-to-eye with the working man who makes the production possible, and will not under any circumstances let anybody know what the actual cost of production is, because it is confidential information, the only course left is for the government to see to it that that industry is operated in the interests of the people.

I wish to refer to one of the recommendations contained in the report, and one only, namely, the one which starts out by saying:

Law being the basis of our society—

Mr. SMITH (Calgary West): Will the hon. member permit me one question?

Mr. ZAPLITNY: Yes.

Mr. SMITH (Calgary West): The hon. member suggests that the steel industry should be operated by the government and then we would be out of trouble. The government have a controller operating the industry now. Why are we still in trouble?

Mr. ZAPLITNY: I do not wish to argue with the hon. member about that, but apparently the controller is not operating the industries. As I pointed out, the controller was not given the power to negotiate with the unions, which is one of the first things needed in order to settle the dispute.

Mr. SMITH (Calgary West): Apparently the hon. member has not read the order.

Mr. ZAPLITNY: I read it right here. If the hon. member were here he would have heard it. Perhaps he was not here.

Mr. SMITH (Calgary West): The hon. member is quite right; I did hear it, but he and I do not understand it the same way.

Mr. ZAPLITNY: As I say, I wish to refer to one of the recommendations of the report which starts out by saying:

Law being the basis of our society, your committee condemns: (a) the policy adopted by some unions. . .

And so on. It refers to certain unions and employers and to lawbreaking. I refer to this section, because I believe we must come to a time when we shall have to start out with this kind of recommendation and say that, justice being the basis of our society, therefore we shall have law in order to make it possible that justice shall prevail. If we start from the cold and technical angle that law is the basis of society, regardless of where justice lies, then we shall be in for trouble.

That brings me to the last thing I should like to say, namely, that a great deal has been said in this and other debates about the division of the income of industry, or the productivity of industry, between capital and labour. So far as I am concerned, I say emphatically that I am not satisfied to put labour in the same category as capital. I do not look upon these two things in the same light, because in my mind—and I can go back again to Adam Smith to prove my point if necessary—capital is only an incidental of labour. Labour is the original state

of things. There is only one form of wealth in this or in any country, and that is the wealth produced by applying labour to natural resources. Capital and all the rest of the things incidental to it were created by labour in the first place. But to-day capital has got itself into the position where it has become the golden calf of our economic system. To-day capital puts itself on the pedestal, on the same level as labour and sometimes a little higher, and it says to labour, We shall decide how much of the product of your labour you shall have. I object to that.

We must get back to fundamentals and realize that there is only one source of wealth, namely human labour applied to natural wealth. The sooner we realize that, the sooner we shall realize that when men go out on strike and ask for the product of their own labour, they are doing it, not because they are communists, but because they are human beings with a sense of righteousness and justice in their hearts for which they are willing to fight.

Mr. A. M. NICHOLSON (Mackenzie): On July 10, 1946, P.C. 2901 was passed, which reads in part as follows:

> And whereas the Minister of Labour reports that he is advised that there is grave danger of a strike in the immediate future by employees of the companies named in the next preceding paragraph arising out of the failure of the said companies and the said union representing the employees of the said companies to settle matters presently in dispute between them;
>
> That a stoppage of work in the said companies would seriously curtail the essential supply of steel and would dislocate production in other industries and would be contrary to the national interest thereby jeopardizing the orderly transition to a peace-time economy in Canada . . .

And so on; which indicates that nearly six weeks ago the government recognized that there was a serious national problem on our hands. A few days later, on July 16, the hon. member for Calgary West (Mr. Smith) introduced his motion, which called attention to the fact that we had one of the most serious peace-time problems that we had encountered. He said, as reported at page 3488 of *Hansard:*

> The steel strike in Canada must focus the attention of thinking men and women on the broad question of industrial relations. We have had many troubles recently. Some have been settled and some have not.

Then he goes on to make a suggestion. He said:

> My suggestion is this, that this house should immediately set up its industrial relations committee. To that committee should be invited—yea, brought, if necessary—those persons who might not like to come.

All who listened to the hon. member for Calgary West felt that he was speaking sincerely in trying to focus the attention of parliament and of the country on this problem.

On August 22, we are dealing with the report of the committee. We have listened to two cabinet ministers who are vitally concerned, the Minister of Reconstruction and Supply (Mr. Howe) and the Minister of Labour (Mr. Mitchell). I submit that the statements made by these two ministers are unsatisfactory to parliament and to the country. I consider that we would be failing to discharge our duties if we accepted the report of the committee and the statement of these two ministers and hurried away to our homes without facing up to this problem. If the problem were as serious as it was said to be on July 16—and it was—then parliament must face up to it and demand that the cabinet should give a statement other than the one we have listened to to-night from the Minister of Labour and the one given by the Minister of Reconstruction and Supply, some days ago.

Speaking in this debate on August 20, as reported at page 5128 of *Hansard,* the Minister of Reconstruction and Supply said:

> Meantime, while the committee was sitting, strikes in a number of basic industries were in progress. Not only have they paralysed industries directly affected, but they are extending to industries not directly associated with any labour dispute. That situation is most acute at this moment. There is scarcely a section of the country which is not beginning to be affected by these strikes.

Then on the next page the minister concluded:

> It gets so bad that it is impossible to perpetuate itself. I believe that these strikes are nearing the point when they will either solve themselves or be capable of solution. I believe the work of the committee has contributed toward bringing about that situation, and I can assure the Minister of Labour that anything I can do as Minister of Reconstruction and Supply to assist in bringing these strikes to an early conclusion, will be done.

That is not a useful contribution to make to a debate of this kind, to suggest that possibly the strikers will be starved into surrender and somehow, sometime, the matter will solve itself. If we leave without some indication of what government policy is to be, there will certainly be other strikes. It has been announced that a strike in the meat-packing industry is pending. I think it is fairly obvious that, even although management and labour might be able to get together in the meat-packing industries, even though Canada Packers might agree that they could grant an increase of twelve cents an hour, it would be impossible for such a decision to be reached while government policy is as it is. Certainly no union would be able to convince its mem-

bership that if a company can afford only six cents or seven cents, it should accept that sort of compromise. If we leave here and we have strikes in the transportation field, the meat-packing industry and a number of other most essential industries, this country will be faced with one of the most serious peace-time conditions that we have ever known.

I am very sorry the members of the house did not have an opportunity to refer this report back to the committee. I see no good reason why the house could not be adjourned instead of proroguing, as we did during the war on several occasions when it was felt that it might be necessary to call us together to deal with urgent national matters. I see no reason why the committee might not have continued its deliberations. Several of the members of the committee who have spoken have indicated that they worked under tremendous pressure, and that they were not satisfied with the amount of time at their disposal. Others who have taken part in the debate have drawn attention to serious items which were overlooked. The hon. member for Spadina (Mr. Croll), a supporter of the government, made a telling criticism of paragraph 6, which reads:

> Your committee recommends that the Minister of Labour may, at the request of either party to an industrial dispute, and if he deems fit, either before or after a strike is in progress, direct that a strike vote be taken under government supervision, to determine the wishes of the men affected as to whether a strike will take place or otherwise.

Several hon. members who have participated in the debate suggested that, after parliament adjourns, action might be taken by the government at Stelco in Hamilton, that the decision might be taken by those within the plant that the previous vote had not been taken in a legal way, and the Minister of Labour indicated that he would make the position very clear. I understand that in the committee the minister made statements to the effect that he had no intention of introducing that sort of procedure, but hon. members observed that the minister spoke for an hour to-night and refused to give any commitment as to what would be the government's policy in this connection.

Mr. MITCHELL: If I may just say so, I agree with the hon. member for Cape Breton South (Mr. Gillis).

Mr. NICHOLSON: Why did you not say so when you were on your feet?

Mr. MITCHELL: I have said so.

Mr. NICHOLSON: No one heard it.

Mr. LENNARD: Yes, they did.

Mr. NICHOLSON: I am sorry; I did not hear it, and the record will indicate whether I am right or the minister is right. But let me call his attention to the fact that in the Ottawa *Citizen* of this evening there is an editorial in connection with the Card report, the last paragraph of which editorial reads:

> A strike vote, as now suggested by the industrial relations committee of the Commons, would surely have prevented these printers' strikes. Notwithstanding Mr. Millard's objections, the *Citizen* believes that such a vote, with a secret ballot under government supervision, would end the steel strike with benefit to all Canada.

Apparently not only members of parliament but editorial writers are under the impression that this clause gives the minister power to deal with the Hamilton steel strike, as was suggested by the hon. member for Spadina and others who have taken part in the discussion.

I do not think anyone will question the good intentions of the hon. member for Calgary West, and I accept my responsibility as a member of parliament for supporting the proposal to set up this committee. I should however, like to draw the attention of the house, to the statement made by the leader of our group, the hon. member for Rosetown-Biggar (Mr. Coldwell), at that time as reported at page 3491 of *Hansard:*

> May I also comment on the suggestion made by the hon. member for Calgary West and concurred in by the Prime Minister. I too accept that suggestion, but in the present circumstances it comes too late to deal with the situation that has developed.

I think the editorial writers who have been criticizing the hon. member for Calgary West had some justification for their argument. On balance, I believe it was a mistake to have had this committee relieve the government of the responsibility of dealing with this situation.

Mr. MERRITT: They did not relieve the government.

Mr. NICHOLSON: The matter has dragged on for nearly six weeks, and the situation is practically unchanged. Apart from clause 6, I have no great criticism of the report brought in by the committee, but it is fairly obvious that it just does not deal with the problem of the steel industry or the problem of industrial unrest in Canada.

Mr. MERRITT: Does the hon. member think the setting up of that committee relieved the government of any responsibility?

Mr. NICHOLSON: No, I do not think it relieved the government, but it had the effect of placing responsibility on the committee. To the public the government will be able

to say, "Well, we had a parliamentary committee that dealt with this matter and here is their report; this is all they had to say." If the committee had not been set up I believe the government would have been forced before now to produce some formula in addition to what is already before the people of Canada in connection with this situation.

The contribution made this evening by the Minister of Labour was not helpful. I can understand why some members of parliament want to raise this communist bogey and accuse those who do not agree with them of being communists, though they never make very clear just what they mean; but I did not expect the Minister of Labour to take time, in such an important public statement, to raise this question, certainly not in view of the associations his party has had with the communist party.

Mr. SINCLAIR (Vancouver North): Do you know the situation in British Columbia?

Mr. NICHOLSON: Oh, yes, I know that in all parts of Canada—

Mr. SINCLAIR (Vancouver North): The C.C.F. is supposed to be arm-in-arm with the C.I.O., which is solidly communist out there.

Mr. COLDWELL: You know we have expelled the communists in British Columbia, and you people criticized us for being undemocratic when we did so.

Mr. SPEAKER: Order. I must remind hon. members that when an hon. gentleman has the floor he must not be interrupted without his consent.

Mr. NICHOLSON: I have a copy of the Owen Sound *Daily Sun-Times* for Saturday, February 3, 1945, in which I see a full-page advertisement which is inserted "by the authority of the North Grey Liberal Association." It goes on to say:

Union leaders coast to coast support McNaughton. The labour leaders pictured on this page represent tens of thousands of Canadian trade unionists. These men say: "Put patriotism before partyism—and back McNaughton!" As trade union leaders, men who have worked in the best interests of the membership of their union, and in the interests of the people of Canada as a whole, they feel that the people of this country need General McNaughton in the House of Commons.

Then it has the pictures of these "union leaders from coast to coast"; everyone a known communist. They are Fred Collins, Malcolm MacLeod, Charles Murray, Alex Welsh, Pat Sullivan, and so on.

Some hon. MEMBERS: Read them all.

Mr. NICHOLSON: Jack Turner, Charles Murray, Jack Shaw, Nigel Morgan, George Gare, William Edmiston, George Harris, Bruce Magnuson, Peter Dunlop, C. S. Jackson, Jack Taylor, Dewar Ferguson, Harry Hunter, Cyril Lenton, Harold Pritchett, James Davis, Malcolm Murdock, Michael Kennedy, C. R. Sullivan. They are all either known communists or fellow travellers.

Mr. COLDWELL: And many of them were interned.

Mr. NICHOLSON: Yes; many of them were interned for part of the war. When it suited the Minister of Labour and his colleagues they paid for a full-page advertisement showing pictures of well-known communists who say, "Back McNaughton. Back the Liberal party. Put patriotism before partyism."

Mr. MITCHELL: Let me say to my hon. friend that I do not mind what he says about other people, but I have fought the communists all my life. You are talking about me now; you are not talking about somebody else.

Mr. COLDWELL: But not during the Grey North by-election nor during the last federal election.

Mr. MITCHELL: I have fought them all my life. I do not believe in their philosophy or in their principles, if they have any.

Mr. NICHOLSON: It might interest the committee to learn that the Liberals were very generous. They not only paid for a full-page ad for the communists, but they had a full-page ad for the Progressive Conservatives. On page 9 of the same paper is this ad:

Send a North Grey man to Ottawa—not an Ottawa man to North Grey. Be sure to vote Case on Monday. Issued by authority of the North Grey Liberal Association.

Mr. CASE: Almost unanimous.

Mr. KNOWLES: The C.C.F. paid for their own.

Mr. COLDWELL: We paid for our own.

Mr. NICHOLSON: I am sure hon. members appreciate the fine spirit which prevailed in Grey North when the Liberals paid for a full-page ad to bring the present hon. member for Grey North (Mr. Case) to the House of Commons. I also have two pages—

Mr. CASE: You took up a collection to pay for yours.

Mr. NICHOLSON: We do not apologize for that. I also have a copy of the *New World* for August, 1944, which states:

Why I support Mackenzie King.

And it is by Tim Buck. Here we have the pictures of these two well-known Canadians,

side by side. One is the Right Hon. William Lyon Mackenzie King, P.C., C.M.G., M.P.— and with all the rest of his titles. And then, right across the page is Tim Buck—

Mr. GIBSON (Comox-Alberni): Period.

Mr. NICHOLSON: —of the Labour Progressive party. So that I do not think it becomes the Minister of Labour—

Mr. COLDWELL: Or any other Liberal.

Mr. NICHOLSON: —or anyone else on the other side of the house to raise this communist bogey during this or any other debate.

Mr. Speaker, the material has been covered very fully, and I do not plan on repeating anything that has been said. The Minister of Labour mentioned that in some parts of Canada he is called ten-cent Mitchell. I think five-cent Mitchell would be more appropriate for him, because there is just five cents—

Mr. MITCHELL: My hon. friend is thinking of the collection plate.

Mr. McCANN: He is used to the five cents.

Mr. SINCLAIR (Vancouver North): And that is about all it is worth for the sermon—five cents.

Mr. NICHOLSON: We make no apology for the fact that we do get money for our political party from people who do give nickels and dimes; and we do not despise them. I notice it came out in the evidence that the steel workers make some contributions to a political party, as per capita dues. They pay two cents per member per month in some cases, for political action.

Mr. MITCHELL: Which they have a perfect right to do.

Mr. NICHOLSON: Yes. I think it also came out that the Steel Company of Canada contributed to campaign funds. I want to make it very clear that the Steel Company of Canada never gave a five-cent piece to the C.C.F. But the members apparently were a bit embarrassed to press Mr. Hilton too far—

Mr. SINCLAIR (Vancouver North): What about the brewers in Saskatchewan?

Mr. NICHOLSON: —to find out how much they had given to each party.

Mr. SINCLAIR (Vancouver North): You organized the breweries.

Mr. COLDWELL: We never have had a cent from the liquor industry in the whole of our existence.

Mr. SINCLAIR (Vancouver North): Why did you stop organizing the breweries in Saskatchewan? Because there is more money leading them.

Mr. COLDWELL: That is untrue.

Mr. NICHOLSON: Now, to get back to the point I was making—

Mr. SMITH (Calgary West): Why do that? This is fun.

Mr. NICHOLSON: I want to point out that the minister and Donald Gordon have taken the stand that a ten-cent increase is all that the price ceiling will allow. It has not been made clear in this debate, nor was it made clear to the committee, why the ten cents was pulled out of the air. Why was it not nine; why was it not two? Why did you reach ten cents?

The five-cent increase means an additional forty cents a day. I noticed in the evidence the management of Stelco would not come clean and put their cards on the table to demonstrate that they could not pay this increase, or that they could not have carried on if they had not had the $5 a ton increase.

I was in the United States last winter when their steel strike was in progress. The dispute there was not as to whether the steel companies could afford to pay more. They took the position that it was not the business of the unions to know whether or not the extra could be paid. My information was that the steel companies there could close for six months during the present year and be in a better financial position at the end of the year than they were in any ten years prior to the outbreak of the war. Their plan was to close down and break the unions.

Fortunately the administration in the United States recognized that this course of action could not be followed. They gave the companies an increase of $5 a ton, but it was mandatory that those companies in the United States should pay an additional 18½ cents an hour.

I am not surprised that hon. members in the committee were favourably impressed by the labour representatives who gave evidence before the committe. Those men made it quite clear that they were not asking for anything that would put the steel companies out of business. I am sure all members of parliament were interested in the little booklet that was presented to them, to give us information regarding the situation. This was given weeks before the strike broke out, and it pointed out that unless something was done, a strike would take place.

A number of questions were asked and discussed frankly. Is $33.60 a week too much? The hon. member for Cariboo (Mr. Irvine) posed that question this morning. No member of parliament has risen in his place and said that $33.60 a week, or $1,750 a year, is too much in this day and age.

We have come to the end of the war which has enabled us to do many spectacular things in the field of production. We contributed generously to mutual aid. We managed to maintain a measure of price control, which, I agree, was more satisfactory than they had in the United States. It was very satisfactory, considering all the factors concerned.

But I admit that Donald Gordon is unreasonable when he takes the position that the Canadian economy will not permit $33.60 a week for these steel workers. Just this week we passed a bill giving increased salaries to judges. According to the public accounts, I find that 271 judges are to have an increase of $637,000 in the next year. I admit that brings a lot of pressure on the price ceiling. Yet Donald Gordon did not raise his voice in protest.

As the hon. member for Cape Breton South (Mr. Gillis) said, it is all right to give $20,000 to a judge who is already getting $15,000, or to give $16,000 to one who is now getting $12,000, but it is not all right to give this increase to the steel workers! I understand that the increase the steel workers are seeking would cost Stelco an additional $2,500,000. "$2,500,000 more for the steel workers?—we cannot do it." But, "$670,000 for the judges? —why, that is no problem at all."

Hon. members last year participated in legislation to increase our "take-home pay." I supported it, and I take my share of responsibility for it. But I must not lose sight of the fact that what I have done for myself I should do for the other fellow. Two hundred and forty-five members and ninety-six senators voted themselves an additional $2,000 a year, or a total of $682,000 for 341 parliamentarians, and yet Donald Gordon said that we could not give the steel workers in the steel companies an additional $2,500,000 in order to bring their minimum wage up to $33 a week, or $1,750 a year.

Mr. SINCLAIR (Vancouver North): Where did Donald Gordon say that?

Mr. COLDWELL: In the committee.

Mr. SINCLAIR (Vancouver North): You are putting words into his mouth.

Mr. NICHOLSON: That nothing over ten cents—

[Mr. Nicholson.]

Mr. SINCLAIR (Vancouver North): Where did Donald Gordon say that? You are a clergyman and you should stick to the truth.

Mr. NICHOLSON: My understanding is that Donald Gordon threatened to resign if anything over ten cents an hour was granted.

Mr. SINCLAIR (Vancouver North): That is not what you said that Donald Gordon said. You should know about sticking to the text. You should not put words into Donald Gordon's mouth. You have enough words in your own mouth.

Mr. NICHOLSON: During the war there was a normal work week of forty hours and the workers were quite prepared to work overtime, but the argument is that it is better to have everyone working a 40-hour week than to have one group working fifty, sixty or seventy hours a week and then have a large number of unemployed.

Mr. SINCLAIR (Vancouver North): Who are working fifty, sixty or seventy hours?

Mr. NICHOLSON: There are a lot of people in Canada.

Mr. SINCLAIR (Vancouver North): Tell us where.

Mr. NICHOLSON: The men on the great lakes were working a 12-hour day.

Mr. SINCLAIR (Vancouver North): Not in the steel companies.

Mr. NICHOLSON: Members of parliament—

Mr. SINCLAIR (Vancouver North): Get back to the steel companies.

Mr. MacINNIS: If an hon. member wants to interrupt another hon. member he should rise in his place and ask permission; he should not sit in his seat and carry on continual interruptions.

Mr. GRAYDON: Should not an hon. member sit in his own seat.

Mr. SINCLAIR (Vancouver North): The hon. member, like all hon. members, should stick to his text.

Mr. NICHOLSON: Another section reads:

Can the companies afford to pay?

At this point the "practical man" enters. He says: "All this is very fine. No one wants to see steel workers getting less than $33.60 a week. Forty hours is long enough for work in such a heavy industry. No one can deny men wanting two weeks vacation with pay. But can the industry afford these objectives? Are you trying to drive your employer into bankruptcy?"

The steel workers can be quite frank and reply: "We don't know. We don't think so, but we don't know."

You see, despite all the talk you hear about workers and employers being "partners" or members of "one big, happy family," the working partners in the steel industry don't know for certain what the owning partners really earn. The owners don't give their employees that confidential information. It seems as if the best the steel workers can ever get is the flat assurance that, whatever their request might be, the company can't afford it. Peculiarly enough, after an increase is granted, the company does manage to keep on going.

However, on the basis of what can be found out from study of public financial reports, here is what seems to be the case.

Take the three big steel companies, for example.

They all functioned during the war and didn't lose any money. They show increases in profits and peculiar increases in reserves, capital value, depreciation reserves, etc. All of them received support, in cash, buildings and equipment from the government.

I was interested in noting that when Donald Gordon was before the committee he said as reported on page 285 of the proceedings—

Mr. SMITH (Calgary West): Will my hon. friend permit an interruption? I am sure he wants the record correct. He said a moment ago that the evidence disclosed that they all received cash, buildings and equipment from the government. I do not think he is correct.

Mr. NICHOLSON: I am just reading from the booklet prepared by the steel workers, and I think the hon. member will agree that their information is quite trustworthy. If the hon. member will indicate that particular companies did not receive it, I shall be glad to take his word.

Mr. SMITH (Calgary West): I am speaking only from memory, but my memory is that the only assistance received by any company was in the form of expedited depreciation. I think that is what was said. May I correct my hon. friend in another matter because, knowing him as I do, I am sure he will want the record to be accurate? Speaking of Donald Gordon's ten cents, he will remember that I said that I felt he had not proved his position. What he said was that he could not support a ceiling on the basis of anything substantially over ten cents, but in using the figures you did as to one company in your comparison with members of parliament and so on I think the hon. member should be fair to Mr. Gordon. Mr. Gordon said that the ten cents would be a pattern and that it would apply not only to the steel companies but to our whole economy. He said that if it were spread over our whole economy, knowing the spread it would take, he would not undertake to carry on. I think that is pretty accurate.

Mr. NICHOLSON: I find I am in essential agreement with the hon. member for Calgary West. In connection with the ten-cent ceiling I want to say that I think it has been pretty well established by now that if the fifteen-cent increase had been granted the pressure on the price ceiling would not have been nearly as great as has been created by the prolonged strikes. I cannot prove this, but I have been advised that nails are selling in several parts of Canada at $25 per 100 pounds. I am sure that if this strike continues, the serious shortage of supplies will create a much greater pressure on the price ceiling and make it more difficult to maintain controls than if a reasonable increase had been granted.

To come back to these companies, when Donald Gordon was before the committee he pointed out the difficulty they had had in getting financial statements from the steel companies when pressure was being brought to bear to grant a $5 per ton increase. He said:

We laid down the position that we would have to be shown that their over-all position was such that they would be in a poor financial condition. Mr. McMaster took violent objection to that.

And again:

I should say to the committee that we leaned heavily upon the company for the factual information we required, and while we tested that information to the best of our ability, it is true that we depended largely upon the accuracy of the steel company's figures.

The hon. member for Cariboo made it quite clear that that sort of evidence was not satisfactory. Last night, when the leader of this party was speaking, the Minister of Labour interjected to say that their traditions were such that they did not run away from problems. While it is getting late in the season and many members have made commitments that are pressing, I feel we would be failing in our responsibility to the Canadian people if we left for home without having some formula from the administration that would indicate what will happen in the industries now on strike and in the other industries that are going on strike.

Mr. MITCHELL: I will give you the formula right away for both sides—obey the law.

Mr. NICHOLSON: That brings me to an editorial which appeared in a paper which has been very kind to the Minister of Labour and the administration. On Tuesday, August 20, 1946, the Toronto *Daily Star* contained an editorial entitled, "An impracticable order in council."

Mr. McCANN: That is on the record three times already.

Mr. NICHOLSON: This part is not on yet. After referring to the fact that the government has passed an order in council taking over the operation of the three steel companies, the editorial continued:

> At Montreal yesterday, Mr. Kilbourn said that use of his powers as controller to arrest striking employees "is not practical." Of course it is not. And it is not practical to fine every striking employee $20 per day for each day or part of day that he is on strike. Such a provision is impossible of enforcement; and even if it were, it is a negation of the principle of collective bargaining. It should never have been included in the order in council.

Does the minister suggest that he is going to enforce the law, that he is going to put these men in gaol or fine them $20 a day.

Mr. MITCHELL: That section has been in the industrial disputes act since 1906. Every time we have put in a controller we have got an agreement to the satisfaction of the employees and the employer, and I am convinced that if both sides had gone along with the controller in the steel industry there would have been no strike.

Mr. NICHOLSON: I am sure that if the minister had not made his ten-cent speech, indicating an increase of ten cents as the ceiling, the problem would have been solved.

Mr. MITCHELL: I know my hon. friend does not want to be untruthful. Let me again say that the Minister of Labour never said that at all.

Mr. NICHOLSON: It is on the record.

Mr. MITCHELL: I am not going to fool the workers or anybody. I said this, that if you have even a one-cent increase in wages it goes into the price structure. It cannot help but do that. I know what you are trying to do for political reasons.

Mr. COLDWELL: Say what you did say, for the record.

Mr. MITCHELL: I said this, that whatever increase there might be, I questioned very much whether we could hold the price ceiling with even a ten-cent increase. I think it is far more honest to do that than to give the working people of this country pie-in-the-sky as they were given in the United States.

Mr. NICHOLSON: That makes it clear that the minister considers that ten cents an hour increase is the ceiling.

Mr. MITCHELL: I did not say that at all.

Mr. NICHOLSON: The minister interrupted me and still has not made his position clear.

Mr. MITCHELL: To explain it in simple language, a suit of clothes will not fit every member of the house. I am sure that my hon. friend the member for Muskoka-Ontario (Mr. Macdonnell) could not wear my suit of clothes.

An hon. MEMBER: Nor you his.

Mr. MacNICOL: You would burst his.

Mr. MITCHELL: I could not wear his either. I think an increase of ten cents in some instances would destroy an industry. That can be very easily understood. Take some small town in Saskatchewan, from which province the hon. member for Mackenzie comes. What would apply there would not apply in the city of Toronto.

Mr. NICHOLSON: What about steel?

Mr. MITCHELL: My hon. friend and his associates were critical of the increase in the price of farm implements. Yet steel is the basic thing that goes into farm implements.

Mr. COLDWELL: And you allowed a $5 increase to the steel industry.

Mr. MITCHELL: I know that story. The workers in the agricultural implement industry accepted a ten-cent increase.

Mr. NICHOLSON: It is obvious that the minister did not say enough.

Some hon. MEMBERS: Question.

Mr. NICHOLSON: I am concluding my remarks with an appeal to the government to make a statement. I understand that the Prime Minister (Mr. Mackenzie King) is returning to Canada shortly. This matter is so important that the people involved in the strike should have a statement from the government that would indicate that these problems are going to be solved before the members leave for their homes.

Mr. MITCHELL: My hon. friend wants a pattern. I think the best pattern is to go before a jury of your peers, and in this case that is the regional war labour boards in Ontario and Nova Scotia. Why should you be afraid of them?

Mr. RONALD MOORE (Churchill): Mr. Speaker, the subject of industrial relations has been pretty well covered. I do not intend to bring up any new points this evening, but I want to go on record with respect to one thing. I agree with the members who have urged that this house should remain in session until this strike has been settled. I am not going to say any more on that.

I was a member of the industrial relations committee, but unfortunately I was called back home and had to resign from the committee. Every member of the committee did

his best to find a solution of this problem. The evidence given by one man stands out in the industrial relations committee. That was the evidence given by Mr. Donald Gordon of the wartime prices and trade board. Apparently the members of the committee were unable to break down the statement made by Mr. Gordon that a ten-cent increase in wages to the steel workers would break the price ceiling structure in this country. When that point was made I think the committee and the government should have got together to get all the facts with respect to the situation and either break down that argument or admit that it was sound. Personally I do not think it is sound.

Mr. CLEAVER: I prefer to take Donald Gordon's opinion.

Mr. MOORE: That may be your opinion, but there is something else you ought to consider.

Mr. CLEAVER: Do you want to lose price control in this country?

Mr. MOORE: No; I am in favour of price control.

Mr. CLEAVER: You make me sick.

Mr. MOORE: But who broke the price ceiling first? It was the government's policy to grant an increase in the price of steel and an increase in the price of farm machinery and increases in the prices of three hundred different commodities last January. That was the beginning of the break in the price ceiling structure.

Mr. CLEAVER: No matter who is to blame, do you want it broken?

Mr. MOORE: No, I do not. If we had had a proper investigation we could have arrived at the facts, and an increase in wages above ten cents could have been granted.

Some hon. MEMBERS: Question.

Mr. SMITH (Calgary West): On a point of order, Mr. Speaker, the hon. member for Churchill (Mr. Moore) is entitled to be heard, and I think we should keep quiet and let him have his say.

Mr. MOORE: I am just going to make one other point in connection with what the Minister of Labour (Mr. Mitchell) had to say a little while ago. He stated that during the war free enterprise on the American continent was responsible for some fifty per cent of the production of goods which took place throughout the entire world.

Mr. MITCHELL: I did not say that.

Mr. MOORE: I copied it down—fifty per cent of the production of goods throughout the world took place on the North American continent. We will look it up in *Hansard* to-morrow. The point is this, that that production took place largely in war plants, and, according to the Minister of Reconstruction and Supply (Mr. Howe) in the year 1943, almost eighty per cent of the goods produced in Canada were made in new plants built by the government or in plants assisted out of public funds.

The house divided on the motion (Mr. Lalonde) which was agreed to on the following division:

YEAS

Messrs:

Abbott
Adamson
Arsenault
Baker
Barrett
Belzile
Black (Cumberland)
Blair
Blanchette
Boivin
Bonnier
Boucher
Bracken
Bradette
Bradshaw
Bridges
Brooks
Brown
Cardiff
Case
Casselman
Charlton
Chevrier
Church
Clark
Cleaver
Cloutier
Cockeram
Coté (St. Johns-Iberville-Napierville)
Coyle
Cruickshank
Daniel
Dechene
Denis
Desmond
Dion (Lake St. John-Roberval)
Dionne (Beauce)
Douglas
Emmerson
Eudes
Farquhar
Ferguson
Fleming
Fontaine
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fulton
Gariépy
Gauthier (Portneuf)
Gibson (Comox-Alberni)
Gibson (Hamilton West)
Gingues
Gladstone
Glen
Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Graydon
Hackett
Harkness
Harris (Grey-Bruce)
Hazen
Hodgson
Homuth
Howe
Isnor
Jackman
Jean
Kidd
Kirk
Lafontaine
Lalonde
Langlois
Lapointe
Laurendeau
Leger
Lennard
McCann
McCubbin
Macdonald (Brantford City)
Macdonald (Halifax)
McDonald (Parry Sound)
Macdonnell (Muskoka-Ontario)
McGregor
McIlraith
McIvor
MacLean
McLure
McMaster
MacNaught
MacNicol
Marier
Martin
Matthews (Brandon)
Maybank
Mayhew
Menary
Merritt
Michaud
Mitchell
Mullins
Mutch
Nixon
Reid
Richard (Gloucester)
Richard (Ottawa East)

Robinson (Bruce)	Stuart (Charlotte)
Ross (St. Paul's)	Stokes
Rowe	Tremblay
St. Laurent	Tucker
Senn	Viau
Sinclair (Ontario)	Warren
Sinclair (Vancouver North)	Webb
Skey	White (Middlesex East)
Smith (Calgary West)	Whitman
Smith (York North)	Winkler
Stephenson	Winters—129.

NAYS

Messrs:

Archibald	Kuhl
Bentley	Low
Blackmore	McCuaig
Bowerman	MacInnis
Burton	McKay
Campbell	Moore
Castleden	Nicholson
Coldwell	Probe
Fair	Quelch
Hlynka	Stewart (Winnipeg North)
Irvine	Townley-Smith
Jaenicke	Wright
Johnston	Zaplitny—28.
Knight	
Knowles	

Mr. IRVINE: Mr. Speaker, who won the election?

Mr. SPEAKER: I said I declared the motion carried.

Mr. HERRIDGE: I was paired with the hon. member for Springfield (Mr. Sinnott). Had I voted I would have voted against the motion.

On motion of Mr. St. Laurent the house adjourned at 11.13 p.m.

Friday, August 23, 1946

The house met at eleven o'clock.

WHEAT

INQUIRY AS TO ISSUE OF PARTICIPATION CERTIFICATES FOR 1943 CROP

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I should like to address a question to the Minister of Trade and Commerce, arising out of certain communications I have received from the farmers in my constituency asking when the wheat participation certificates covering the 1943 crop will be made available. The money is needed at the present time in connection with harvesting. Some time ago the minister said these payments would be made by this time, and I would appreciate a statement for the benefit of these farmers.

[Mr. Moore.]

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I have been getting letters too, and I have been getting letters from other members of the house about the same matter. The difficulty is a physical one. I received assurances earlier that distribution of these cheques would begin within a very few days, and I gave that information to the house. Very recently I had occasion to give definite notification to the wheat board that, if necessary, increased staff must be obtained and, if necessary, increased quarters must be acquired in order to have these cheques issued. Cheques may be on the way now. I have done everything in my power to urge the wheat board to get these cheques out just as soon as possible, and I believe they will be out very shortly.

MILITIA PENSION ACT

AMENDMENT RESPECTING PENSIONS, ALLOWANCES AND GRATUITIES

Hon. DOUGLAS ABBOTT (Minister of National Defence) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to amend the Militia Pension Act to bring up to date the existing provisions of the act and to provide that time served on active service be included in the pensionable term of service of persons appointed to the permanent force prior to the first of April, 1946; and also to add a new part to the act, respecting pensions, allowances and gratuities, applicable to all persons joining the permanent force after the 31st March, 1946, and to those persons coming under the present act, who may, instead of remaining thereunder, elect to come under the new part.

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

Mr. BRACKEN: Should we not have a brief statement from the minister?

Mr. ABBOTT: Briefly, the purpose of the bill which will follow is to amend the provisions of the Militia Pension Act, to bring them substantially into agreement with the Civil Service Superannuation Act. I thought that if the resolution were adopted this morning and first reading given to the bill, so that the bill might go before hon. members, they would appreciate the nature of the proposed amendments.

Resolution reported, read the second time and concurred in. Mr. Abbott thereupon moved for leave to introduce bill No. 392, to amend the Militia Pension Act.

Motion agreed to and bill read the first time.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

569. Army and related services (commitments $25,843,524), $283,170,171.

Hon. DOUGLAS ABBOTT (Minister of National Defence): Mr. Chairman, a number of questions were asked during the course of the debate the other day which I promised to answer later. Perhaps it might be well if I were to do it now, before further questions are asked.

The hon. member for Skeena asked what disposition was being made of naval buildings in Prince Rupert. The Prince Rupert base, with the exception of the wireless station, drill hall and two other buildings, and the fuel oil installation, has been transferred to War Assets Corporation for disposal. The wireless station and fuel oil installation are on a care and maintenance basis, while the drill hall and the two other buildings are being held temporarily for use by sea cadets and possibly a naval reserve division, when formed. Ordinary temporary construction would, in the course of closing the base, be dismantled.

The hon. member for Lake Centre asked if I would advise him as to what action was taken with respect to Major James Alexander Elliott. I stated that I would examine the file and see what I could get. I have done so, and I find that the then minister approved the removal of this former officer from the Canadian army on October 21, 1944 on the ground of misconduct. The misconduct referred to had nothing whatever to do with the signing of documents which permitted certain personnel to evade the provisions of the national selective service regulations. I find that our first information—the first information that the Department of National Defence has with reference to his alleged activities in this regard—was on receipt of a letter from the commissioner of the Royal Canadian Mounted Police on November 1, 1944, after his removal from the Canadian army. I may say that the Royal Canadian Mounted Police have been furnished with all the information in the possession of the army with respect to this particular officer.

Mr. COCKERAM: Was this officer court-martialled?

Mr. ABBOTT: He was not court-martialled. He was removed from the army for misconduct, and was out of the army when this particular matter came to light.

Mr. DIEFENBAKER: What was the nature of the misconduct? Was it the fact that he said he was a graduate of a university—which he was not—at the time he joined up?

Mr. ABBOTT: Although there is considerable noise in the chamber I have gathered that the hon. member has asked about the nature of the misconduct for which Major Elliott was removed. It was for by-passing proper channels of communication, and countermanding orders, without authority.

Mr. DIEFENBAKER: What was the purport of the communication from the commissioner of the Royal Canadian Mounted Police regarding this man? Did it not have to do with the fact that he had signed certain medical discharge certificates in blank and turned them over to individuals?

Mr. ABBOTT: I would have to check the files again. I am advised that they communicated with us and asked for certain information. It is probably indicated that he was accused of action such as my hon. friend has suggested. But if the matter is of importance I can look at the files again. I do not suppose I could produce the communication, but I could probably advise the committee as to the nature of the offence. It came up after the man was removed from the army—I wish to make that perfectly clear.

The hon. member for Vancouver-Burrard suggested that the reserve army should be issued with boots. I have made inquiries and I am pleased to advise that boots will be issued to all reserve army personnel.

The hon. member for Calgary East asked for a breakdown of the 10,990 other ranks as among the different branches of the service. The total strength as of August 10, 1946 was 10,990 other ranks, divided among the various branches of the service as follows: R.C.A.C., 608; R.C.A., 960; R.C.E., 808; R.C Sigs, 596; Canadian Infantry Corps (C.I.C.), 2,245; R.C.A.S.C., 1,415; R.C.A.M.C. 522; R.C.O.C., 1,166; R.C.E.M.E., 1,077; R.C.A.P.C., 300; C.D.C., 155; C.P.C., 29; C. Pro. C., 312; C. Int. C., 47; C.M.S.C., 562; general list, 26; unspecified, 162.

I know it is considered to be an unforgivable sin for a minister to hold up his own estimates; but since it may not be possible for me to be here this afternoon I thought I might add something to the question of the alleged destruction of useful boots and other types of army equipment, arising out of the dumping on the Point St. Charles dump in Montreal of certain quantities of that material.

First I want to outline the wartime policy with respect to the disposal of equipment. As to new clothing, that which had not been used and was in its original package is returned to ordnance stock for re-issue. Reconditioned clothing is given the necessary treatment to bring it up to a minimum of fifty per cent to sixty per cent of expectancy of further wear. Clothing of that kind is returned to ordnance stock for reissue. Clothing which is non-repairable or condemned, that is, clothing which would have less than fifty to sixty per cent of wear after repair, is dealt with in the following way: It is transferred to the Indian affairs branch with no mutilation. Second, boots are issued to prisoners of war with no mutilation. In that respect, and as I think I pointed out before, the mutilating of condemned footwear was discontinued by instructions issued under date of July 29, 1941. Third, suitable cotton garments are cut up as a source of wiping rags for use in the army. Fourth, suitable woollen garments are disposed of to processing mills to rework into war clothing. This is the wartime policy that I am speaking of. Fifth, textile materials which are not usable, either for transfer to Indian affairs or, in the case of boots, to be issued to prisoners of war, were sold as scrap after mutilation. Footwear that was not usable as material to be transferred to prisoners of war was sold in the whole state after marking to indicate lawful purchase.

The reasons that necessitated that wartime policy was, first, that it was considered of the utmost importance that the largest possible percentage of clothing withdrawn from troops be reclaimed for further use in the army. Second, military clothing available to unauthorized persons during war time was a threat to the security of the country. Third, it was necessary to take measures to prevent trading in army clothing by military personnel. Fourth, wool from non-serviceable military clothing was an essential source of supply in the manufacture of cloth for uniforms, and its flow to processing mills was controlled by the wool controller of the Department of Munitions and Supply. In addition, certain types of cotton were a vital source of wiping rags for army use which otherwise would have had to be purchased in a time of general scarcity. Finally, the Indian affairs branch of government, by its programme of alteration and reworking of condemned army clothing—under strict control for security reasons—made use of important quantities of clothing and footwear which were released at fair prices to assist in Indian relief work and craft training. That was the policy during the war.

[Mr. Abbott.]

Then as to post-war policy, the factors governing the wartime policy, some of which I have indicated, have of course now diminished in importance and the present policy for the respective categories is as follows: First, the policy with respect to new clothing is the same as it was in war time, that is, it is put back into ordnance to be reissued. Second, reconditioned clothing is handled the same as in war time, except that the standard has been raised to 70 to 80 per cent expectancy. In the case of non-repairable or condemned material, that is, that which contains less than seventy to eighty per cent of expectancy of further wear, first, the clothing and footwear is classified into generic groupings by type of garment, declared surplus and shipped to the War Assets Corporation reclamation depot for relief clothing at Valleyfield, Quebec. No mutilation is authorized. The removal of military insignia is of course necessary. Second, a certain amount of clothing, such as coveralls and other protective garments—this is the type of garment worn in garages—may be excessively damaged or soiled, and in order to prevent the soiling of clean garments or to avoid a fire hazard it is not included in shipments to Valleyfield. Such clothing is reported as pounds of scrap in its proper category without mutilation and is disposed of by War Assets Corporation to local scrap contractors. Finally, wiping rags can be obtained by the army from War Assets Corporation, Valleyfield depot. That is an outline of the wartime and peace time policies with respect to the disposal of service clothing.

With respect to the material which was condemned in Montreal, as I said in the statement I made the other day a court of inquiry made a full and intensive investigation. There is no doubt that some of these canvas shoes had been mutilated before being sold as scrap, but it was not possible as a result of the court of inquiry to ascertain who had done the mutilating. The committee will recall that Mr. Berry in his statement to the press said that up to the time this matter was discussed it had been the policy of War Assets Corporation to mutilate canvas shoes which were considered not suitable or of no commercial value, in order that no shoes should be sold which had not been disinfected or which were in a condition which made them improper to be sold in the regular channels of sale. Since this matter was brought forward they have discontinued that mutilation. It may well be that some of these shoes were mutilated by War Assets under those conditions, and I would think quite properly.

From hearsay evidence which I have received it would appear that a certain number of shoes which appeared to be serviceable had been sold mutilated. I refer particularly to one pair of gutta percha shoes bearing the date 1942 which had been mutilated, but it is impossible to say who had done it or when it was done. However, on inquiry it was ascertained that there could have been no substantial mutilation of serviceable shoes, if in fact any serviceable shoes had been so mutilated. Of course there is always the possibility that in a large organization like the army a man may deliberately mutilate a pair of shoes in order to get a new pair. In any event, I repeat what I said when I made my statement in the house. I am glad that this matter has been brought forward because it is most important that the public should not get the impression that there is a wilful waste of public property. However, it struck me as an absurdity and I could see no rhyme or reason for a man mutilating a good pair of shoes, and that is why, to use a slang phrase, it just did not seem to tie up. I want to assure the committee that so far as the army is concerned, and I feel sure the same thing applies to War Assets Corporation, every precaution is being taken to see that no serviceable article is mutilated or sold as scrap.

Mr. DIEFENBAKER: Reverting again to Major Elliott's case and the explanation given by the minister, I should like the minister to place before the committee—there can be no question of this being privileged—the letter written by the commissioner of the mounted police to the army in November, 1944, and also any subsequent correspondence between the commissioner and the army. Furthermore, I am interested in knowing the procedure taken to remove Major Elliott, particularly in view of the fact that there was no court martial. I was always under the impression that an officer could not be dismissed from the service by any other means than through the instrumentality of a court martial.

Before dealing with that, would the minister be kind enough to read the letter or letters received from Commissioner Wood?—because according to my information it was Commissioner Wood who, subsequently to receiving instructions from the deputy Minister of Labour, notified his headquarters in Toronto not to proceed further with action against Elliott, Begley and Arnold. If the minister will do that, then I have some further questions to ask.

Mr. ABBOTT: I have not the letters here, and I shall give consideration to whether or not they are properly producible. As to the other point raised by my hon. friend, I am advised by the experts on military law, of which I am not one because I did not attain a sufficiently high rank, that a man can be removed under paragraph 267 for military inefficiency.

Mr. DIEFENBAKER: With the latter I am not in disagreement, but now that the minister has had some days to consider the case of Major Elliott—

Mr. ABBOTT: I have had other matters to consider.

Mr. DIEFENBAKER: A question has been raised with regard to a matter which affected the war effort of this nation, and on a number of occasions I have met an impenetrable wall in trying to get information. Surely the minister has had opportunity to consider—

Mr. ABBOTT: I do not like that "impenetrable wall". My hon. friend asked me for a statement as to the action which had been taken with respect to Major Elliott, and I have given him a full and complete statement. I have told him that Major Elliott was removed for misconduct and inefficiency on duty. I do not think there is any impenetrable wall about that. It is just a clear concise statement of the facts.

Mr. DIEFENBAKER: Surely if it is all so simple and so clear, there should not be any delay in production of the letter or letters. The minister is not going to assume, is he, that a letter received from the commissioner of the mounted police regarding an officer in the army, no matter when it was received, whether before or after he left the army—in this case it was after—should not be producible to the House of Commons? Apparently two counsel had arrived at the conclusion that a proper case had been made out. The mounted police had fully investigated the matter and had determined to go ahead; they were simply awaiting formal instructions. These instructions were not forthcoming, not because of any desire or action of the mounted police, but in consequence of a direction of the deputy minister of labour. After the letter was received from the commissioner of the mounted police, was or was not Major Elliott interviewed by the representatives of the army? How many of the medical discharge certificates or medical discharge documents disappeared from Camp Borden or were lost while Major Elliott was in charge at Camp Borden? My information is that in the case against one Lawrence Schrupsole, of Toronto, who was prosecuted in April or May, 1945, it was revealed that Major Elliott did give a statement to the mounted police to the effect

that he had signed a considerable number of documents in blank and had turned them over to Mr. Arnold. All I am trying to find out is the basis upon which, after investigation and recommendation by the mounted police, the deputy minister of labour decided that, regardless of whether or not there was a conspiracy to interfere with the war effort of this nation by assuring to certain individuals medical discharge certificates to which they were not entitled, there should be no prosecution and the mounted police should be hobbled, first on the ground that there was no evidence that money had passed when there was clear evidence of a conspiracy as revealed by Lennox in his evidence, and secondly on the ground that the war was over and therefore prosecution should not be considered.

I know that the minister himself had nothing whatever to do with any impropriety in this matter. But I want to know what the commissioner of the mounted police alleged against Major Elliott. Surely there can be no question of privilege here. This is a request for information. I have not been able to get these documents by a motion in this house. In a matter affecting a goodly number of persons, in connection with which there was an investigation which lasted from December, 1944, to March or April, 1945, the government would lead the house and the country to believe that the complete file has been brought down. Actually only eight letters are on the file in regard to what the commissioner of the mounted police communicated to the Department of National Defence, yet that was one of the matters covered in the order which was made by the house for the production of the papers. The order read:

> Order of the house—
> For a copy of all correspondence passing between the Department of National Defence and/or the Department of Labour, and/or the Department of Justice—

There were no qualifications to that order. My hon. friend mentions this letter. Does he not consider that it passed between departments? Is not the mounted police under the Department of Justice? As a matter of fact no question was raised by the Department of National Defence as to their not having certain documents when they made their answer to this return. They did say:

> It is understood that copies of the correspondence in question will be furnished by the Department of Labour.

The minister of Justice would have this country believe that a return consisting of eight letters, without the enclosures—therefore the letters required are not there—constitutes the full file on an investigation into a conspiracy widespread in its ramifications. Surely any reasonable person will realize that an order made by parliament without qualification has not been complied with. All I am asking at the moment, however, is for production of the correspondence between the commissioner of the mounted police and the Department of National Defence. Only by that means can parliament achieve through the medium of questioning what it has not been able to achieve as a result of an order passed by the house.

Mr. COCKERAM: Mr. Chairman, while we are on the subject of courts martial it might be well to review the whole system of courts martial in the army. Some time ago I asked for the production of General Price Montague's report on conditions in Holland, but my motion for the papers was voted down. The minister will remember that there were prosecutions in Holland of certain junior officers and of a senior officer. The junior officers were found guilty and punishment was meted out by the court. The senior officer, more or less on the instructions of the prosecuting officer, was acquitted. At the trial the prosecuting officer had this to say:

> It would pain the entire army to see one of its most distinguished members come to grief on such charges as these. We would all rejoice at an acquittal.
>
> However, if the court feels later conduct did not measure up to his own earlier standards then a verdict of guilty must be registered.

I state now that that was interference with the course of justice by the prosecuting officer. Unfortunately this is not the only case. I am not saying that the present minister had anything to do with it, but it was a well-known fact in the army that many courts martial were ordered by the then minister of militia in spite of the fact that the cases had previously been disposed of. It seems to me that if there is going to be interference by the minister, if he can order courts martial to take place where and whenever he so desires, there is something wrong with justice in the army. I believe that any system whereby ministers of the crown can require the judge advocate general or a district officer commanding to court martial an officer or a man, with or without justification, needs to be completely changed. It amazes me that within the last few weeks this officer, who as I say was acquitted on the orders of the highest officers, has since been placed in one of the senior positions of the Canadian militia. If the militia is to be efficient, if it is to be a force which can be looked up to not only by the men serving in the army but by the people

of Canada as a whole, great care must be taken in the selection of the senior officers; because if the men in the ranks have not the respect for their officers which they should have, and if the people do not respect the force, you will never get a permanent force in this army.

I should like the minister to enlarge on this matter. There is no question in my mind that Major Elliott should have been court-martialled. The department knew about what he had been doing. Had I been someone else, no doubt the then minister would have ordered a court martial of that officer and he would have been punished if found guilty. The whole system of courts martial in the army must be revised.

Mr. ABBOTT: Mr. Chairman, I think I had better anwer this question.

Mr. CHURCH: I am not a military man, but I take an interest in this question, partly because I come from a city whose people suffered more casualties in two wars than any other city in Canada. The minister may think that this is all a joke, but it is not.

Mr. ABBOTT: Oh, no.

Mr. CHURCH: The joke is on the party on the other side of the house, which presents us with all these estimates and no plan for defence for the future. The opposition has been very courteous and helpful to the government, and it is not my wish to delay the proceedings; they should have been through two weeks ago.

During the first great war and ever since that time I have taken much interest in the work of the department. We have had very fine ministers at the head of it. As to the non-permanent militia, which used to be called the militia, but is now known as the reserve army, there is no "reserve" about it; in twenty-four hours it was ready for active service in both these wars.

I say to the government that this should not be a political question. We should have a committee on national defence. That would have been much better than having a committee on external affairs, which in its discussions travels all over the seven seas and does nothing except to bring a lot of irrelevant questions before the house. It is important to have a proper defence committee of the House of Commons. They have one at Washington, they have one in the old country.

The men who put their time, their money and their lives into the reserve army, the old militia, deserve well of Canada. If continued along the right lines in the future it will be the backbone of the country's defence. Incidentally I would call attention to the fact that, visiting Canada next Wednesday or Thursday is the great field marshal and commander in chief of the forces who marched across the North African desert, Viscount Montgomery.

In my opinion, without proper plans the money which this department proposes to spend between the end of the second great war and the beginning of the third war—because there is a third war coming and it will be right on our shores—will be wasted. The peace pacts and peace policies the united nations and of Paris and Potsdam and other places have collapsed, and Europe is to be divided as decided on by the original big three at Yalta, Teheran, Potsdam and Malta; and the middle and small powers cannot change it at all. In the face of those facts we should have in my opinion a joint defence policy for the whole commonwealth of nations, on land, on sea and in the air. That is most important. You have lost the Pacific, you have given up the bases on the Atlantic for ninety-nine years. You have thrown away the control of the Atlantic from Newfoundland to British Guiana. Nothing is so valuable as the study of history in connection with military matters, and a recent textbook of great military importance has been written by Lord Wavell, who is now in India. I hope the minister will read it He shows that in the two great wars Hitler and the Kaiser made the same mistakes as Napoleon did. It consists of a series of addresses in which he points out mistakes made in the last two wars and the need of empire defence. I advise the minister to ponder these lessons for Canada, because we are going to make about the same mistakes again if we are not active to prevent it. In my opinion we should never have given up the Atlantic naval and air bases in exchange for a lot of old ships, only one-third of which were used. That lease transaction should be cancelled and charged up to lend-lease, which it was in the dark days of the battle of the Atlantic to save America from invasion. In that way we would be enabled to play some part in the defence of our own country and of the other British dominions in a future war or a future battle of the Atlantic.

As to the Pacific ocean, we have been practically cleared out of the Pacific, although before the war started Britain had the whole Pacific situation in her own hands on land, on sea, and in the air. I urge upon the government that there is no point in wasting any more money as it has been wasted on our old militia methods. There must be co-ordination between the army, the navy and

the air force, and there must be a proper defence policy for the whole empire. If war comes, whom will we have to depend on? We shall as always have to depend for our defence on Great Britain and the dominions; for notwithstanding all our great ally the United States has done, we have seen the trend of some of the recent discussions at Washington, and they are going to be isolationists again. So in the event of the third war we shall have to depend on the mother country and the dominions; and what are we doing? What are we doing here? Is there any evidence of a defence policy which will prepare this country for the future? We have suffered enough as a result of unpreparedness, and we might as well realize that the next war will take place on our own soil unless our defence is properly prepared and coordinated, because we shall be jammed in between the pincers of the Atlantic and the Pacific, and our great land, for fifty years so much coveted by Hitler and other dictators before the last war, will be again endangered, because we shall have repeated the mistakes we made before. Have we done anything to get a common empire defence policy? No. Little has been heard about cooperation with Britain and the other dominions or to hold the allies we had. There should be a common defence policy for the whole commonwealth, on land, sea and in the air, as regards recruiting and every other phase of military action; and to keep India and the Suez and give up no bases to anyone. The last war showed the folly of relying on voluntary recruiting. During the war which has just closed I did not say much on the question of conscription, but let me tell the government that, in view of the order in council action they took the other day, they are going to have a great deal of difficulty in getting the men on whom they rely, the veterans of two long wars, and the younger brothers and sons of the present veterans, to enlist in the reserve or permanent army. They will be inclined to allow somebody else to do it. Remember that but for the men who went overseas we would have experienced all the horrors of war on our own soil.

I am very glad to see the hon. member for Greenwood (Mr. Massey) back here to-day. He and other hon. and gallant members are in a better position to speak on these matters, which, as I have intimated, very closely concern the soldier city of Toronto. I believe that the action taken the other day will make it almost impossible even to recruit for the reserve army or the future militia of this country. Nothing has appeared in the press about it because everyone is afraid to say anything, but fortunately this is a free parliament and the few who are not afraid to speak up have an opportunity to do so.

While I have great respect for those on the other side of the house and all hon. members here, I think we should have a common defence policy for the British commonwealth of nations as a whole. This is not a vaudeville show, it is not a burlesque performance, but it is in danger of turning into one, because that is largely what we have had here so far as the main issues are concerned. They have not been discussed in any sensible fashion, with wisdom, learning and knowledge of our previous national mistakes. I impress upon the minister the importance of having one policy for the whole commonwealth to which Canada should contribute, with equality of service and sacrifice for all our population in every province. If the empire should decide, as I hope it will, to rally to the defence of the mother country and therefore the defence of the empire itself, then I suggest that the policy should be based on one of contribution pro rata by the white populations of the different dominions.

In Canada there are 11,500,000 people, in Australia 7,500,000, in South Africa 3,000,000 white, and in New Zealand 1,500,000 white. I would like to see all these white populations contribute pro rata to the population of 46,000,000 in the old country. The contribution could be made chiefly in the form of food, and Britain could then be able to maintain her excessive population without having to export exchange in return. That, I submit, is a very sensible suggestion because, apart from other very important considerations, the British have been our best customers in food, grain and other products of that kind.

The empire should also have bigger ships and aeroplanes, some of which could be built in Australia and some in Canada. The important thing is that we should have unity in the empire. What I have been stating here forms the substance of a motion and the remarks based upon it in the British House of Commons on the question of a common defence policy. Under such a scheme servicemen from Great Britain and other dominions could be brought here for training. I think there is a good deal of common sense in that suggestion also. The two wars that we have had have shown this. I suggest that when Field Marshal Montgomery, commander in chief of our forces, comes here next week, the government should have a plan with regard to operations on land, sea and air to submit to him, just as Australia and New Zealand will have when he visits those countries. There is no use

in our wasting a lot of money when it is obvious that what is needed is a defence committee. This is the 111th day of the session and no one so far has mentioned certain questions that are interlocked with this question of a common defence policy. I refer to trade, immigration and external affairs. There has been no debate on any of these topics. We have not for one moment considered, in connection with this problem, what the loss of India will mean. We have not stopped to think what the loss of the Suez canal will involve. We have never discussed these questions; not a word has been said about them. The Suez canal has very aptly been described as the jugular vein of the British empire, and all the questions involved in the loss of India and the Suez canal are interwoven with the defence policy of this country.

I would ask the minister to be kind enough to look into a recent article in the *National Review* by a great British soldier and a member of the House of Commons. I refer to the *National Review* of May, 1946: "Is our occupation really necessary?" and also another number of reasons are set out why Britain should withdraw the troops she is at present maintaining in Germany. This well known authority gives fourteen reasons why those occupation troops should be recalled to England—five military reasons, five political reasons, three moral reasons, and one hush reason—that if we walked out Russia would walk in. Russia is already in. After all, Germany has been beaten to a frazzle, her industries cannot recover, and she cannot do anything in the way of recruiting men. In the debate in the British House of Commons on the subject of empire defence, and in these articles to which I have referred, it is pointed out that the men now in Germany are needed in England and Canada in reconversion, and the time has come for the withdrawal of the force from that country. I called the attention of my good friend the member for Nanaimo to this question the other day and asked him to study it. As regards recruiting I have always been an admirer of Poland and of her people, but I would draw the minister's attention to an item that appeared recently in the *Evening Standard* of London discussing the status of 160,000 Poles in England and 6,000 Poles in the old country to be sent to Canada. The interesting question is, how many of those 6,000 Poles were collaborating with the Germans during the war, fighting not on the side of Britain and her allies but against us? The evidence, the paper says, seems to be that these 6,000 Poles are some of those who were bribed by the Germans with good food and pay to join the German army, and thus get out of Poland as civilians. Many of them fought in that army. The *Standard* says they were part of those who fought in the German *Wehrmacht* during the late war and were captured in the Italian and western campaigns. Is it fair to this country to bring such people into Canada without knowing anything about them? In the British House of Commons there has been a very searching debate on this whole question, but we have no time for such things. I ask for a check on it, when no British soldiers are brought to Canada by immigration. We have not one hour to devote to the most important problem of all confronting us, namely, a proper modern defence policy for Canada to be coordinated with the defence policy of the rest of the empire.

What is the government's policy with regard to external affairs? We have a committee on external affairs, but what has it done? Nothing. I suggest that they have been too prone to follow the American military and political pan-American initiative and in the future we may find the policy evolved in Washington one of isolationism.

There is one other matter I would like the minister to look into and that is the position of the permanent militia. In the past these men have had to put their hands in their own pockets, and pay for typewriters, offices, supplies, et cetera, and to contribute their pay to the company funds, or they would have got nothing. Is that the way to encourage recruiting? We cannot do without the support of labour and free enterprise and employers when we are discussing any question of empire defence and the reserve army. No element enlisted more readily than labour in this war. The working men and their employers have an important part to play in recruiting for the reserve army. In the early days of recruiting in this war I saw young men on January 7, 1940, standing in front of the armouries, wearing neither sweaters nor coats on a cold morning, waiting for the armouries to open. That shows how anxious they were to enlist. They could not get in before ten o'clock and in the meantime charitable organizations had to supply them with meals. Abuses of this sort should be removed.

The minister was himself a very good soldier; he is an able and likeable minister, and I must say that I was surprised at what he did the other day by order in council. I may as well bring the matter up now. I refer to the question I raised on a motion for the adjournment of the house when I was told that I might bring it up in connection with the estimates. I shall not go into that this

morning, at this stage of the session, but I can tell you that it is going to have a very serious effect on recruiting for the reserve army. People are not going to waste their time in serving their country if that is the policy of this country; if we are going to throw overboard Britain and all the dominions who saved our shores here, and give that sort of treatment to the fine men of the reserve army who were the backbone of the militia in two great wars as well as the South African war, the northwest rebellion, the Fenian raid and so on; and the 1885 veterans never got a nickel out of those earlier services. They were the men who made the militia; they did their duty, and their sons and grandsons are in the forces to-day. If we are going to pass orders in council like this and still keep in custody as deserters some 864 volunteers, all of whom served at the front for three or four years, while we take no action against those who stayed home and ran away from service in this country, then I tell you that you can say good-day and good-bye to any defence system in the future in Canada on land, sea and in the air.

The first duty of a citizen, as I see it, is to defend his country. "Greater love hath no man than this, that he lay down his life for his friend"—meaning his country. That is why you enlisted in the first war, Mr. Chairman, and the men who went with you; that is why so many enlisted during the last war, to save civilization. Speak for no party but only as a private member. I need not detain the house long over this matter except to say that a mistake has been made. The government have a majority. They have acted by order in council over the head of parliament, with an utter contempt for the House of Commons while in session here. We might as well all go home, because we have nothing to say about this thing. "Parliament will decide" is a myth. Do you think I am going to go out and encourage people to enlist now? Unfortunately I was not able or qualified to enlist myself or I would not have been here at all. How are we going to be able to support the militia when matters are dealt with in this haphazard fashion? I say this in all kindness to our friends in one province. Canada will never forget the old land of France in the last war, a country to which in the first great war the eyes of the whole civilized world were turned. Britain should make a new alliance with France. As Sir Eugene Tache said, should our flag in Canada ever be hauled down, "the last shot in defence of our country will be fired by a French Canadian" We should have union, that union which is set out in the inscription to Montcalm and Wolfe on the plains of Abraham, with equal rights for all, and equality of service and sacrifice. During the last war this house met in camera—I did not attend the session—to deal with matters concerning the near approach of the enemy to the shores of the St. Lawrence. But for the forces of the mother country, her fleet and the cooperation of the dominions, we would have had the awful horror of war in our own land; the gestapo, the police, the loud speaker, the concentration camp, the whip; and hundreds of thousands of our population in Ontario, Quebec and the maritimes would have been carted off to work in the German mines. So I think we should pay tribute where tribute is due.

In conclusion, I can tell you that we are going to have a rude awakening unless we profit by mistakes and institute a forward defence policy. I appreciate what has been done by the minister and by all those who has occupied that office, including my hon. friend who is wearing the Mackenzie school tie to-day and who we hope will have a very pleasant holiday, because he has earned one; he has worked hard as leader of the house. The present minister of army and navy is a student and a gentleman of very considerable ability. I saw him at Niagara camp as a young volunteer; and I appeal to him to try and stimulate recruiting. As the hon. member for Vancouver-Burrard said the other day, and as I suggested, I hope he will travel across the country for that purpose, if his health is still good enough when this session is over. We are apt to be talked to death here, and somebody may be charged with murder. In my opinion this place is becoming more and more like 999 Queen West in Toronto, and the sooner we conclude our business and close the better for all concerned and the better for the health of the country generally.

Mr. KNIGHT: There are two subjects I should like to draw to the attention of the minister. The first might very easily have followed the minister's talk about how these uniforms were converted to rags. There is a good deal of speculation around my home city of Saskatoon as to the amount and disposal of army material stored there. According to sessional paper 248 of July 16 some 87 carloads of material were stored in the T. Eaton building in Saskatoon, including 6 carloads of wearing apparel, 46 carloads of bedding, 35 carloads of camp equipment. I believe this material has to be moved in the immediate future. I do not know whether the T. Eaton Company requires its property, but I understand this material is to be dis-

posed of, and there is some speculation as to its ultimate disposition. I presume the army has seen to it that the material has been kept in good shape, that it has not suffered damage from moths or vermin, though I was not able to elicit that information by my question. It is interesting to note that the premises were leased from the T. Eaton Company on January 15, 1941, and that since that time the dominion government has been paying this company $1,000 per month for the use of that property. For some reason the rent now has been reduced to $980. It would be interesting to know what fraction of the building was given back to the T. Eaton Company for that $20 a month.

Mr. ABBOTT: Some space was given up.

Mr. KNIGHT: I see. That is the situation. One question I asked was in regard to the ultimate disposal of this material, and I was informed that some would be kept for the use of the army, and that any not required for the use of the army would be declared surplus to War Assets Corporation for disposal. That last sentence interested me, because on several previous occasions I had pleaded with War Assets in an endeavour to get two tents for the boy scouts in my home city. I have been trying to get those tents ever since I was elected, and I shall consider myself a successful member of parliament only when I succeed in getting those tents for the boy scouts.

Mr. ABBOTT: If my hon. friend had approached me, that might have been arranged. In the case of equipment of that kind, while it may not be a general rule, where need is shown for boy scouts and so on we arrange to declare tents surplus. They go through War Assets and are sold to the boy scouts. Under certain circumstances, where things were available from surplus stocks, we have lent them in cases of emergency. I should hope there would not be any feeling that these tents could not be obtained.

Mr. KNIGHT: Through you, Mr. Chairman, I might say to the minister that my correspondence in my office upstairs will show that I have made application for these tents and have been refused. I will not say that refusal came from the minister's department.

Mr. ABBOTT: That would be from War Assets, and they probably did not have any tents at the time.

Mr. KNIGHT: I do not know how long these materials have been stored, but 35 carloads of camp equipment would mean a lot of tents.

Mr. ABBOTT: Oh, that would not be all tents; that would be all kinds of barracks stores.

Mr. KNIGHT: I understand that, but I assume some fraction would consist of tents, but in any case war assets have refused to supply those tents to these boy scouts. Perhaps the minister will make some comment on the whole situation, but I should like to ask if any of that material is material left over from the first war. I do not mean the war of 1939-45, but whether any of that material has been lying about since the first great war. I should also like the minister to comment on whether any of this bedding, for example, would be suitable for civilian as well as for army purposes. I think there is no harm in airing these matters; it is in the interest of the public that they should be aired.

Mr. SMITH (Calgary West): Blankets should be aired anyway.

Mr. KNIGHT: Yes, to protect them from moths and vermin, so that they will not be put on that rag pile the minister was telling us about.

Mr. BOUCHER: Political vermin.

Mr. KNIGHT: I shall not say anything about political vermin. Perhaps the minister would comment on that before I would refer to another matter which is less contentious.

Mr. ABBOTT: Commenting generally, none of this equipment stored there has been there since the last war. I do not know what type of bedding this is, but I should imagine it would be the type suitable for civilian use. If it is not required for army purposes it will, in the usual way, be declared surplus and disposed of by War Assets Corporation.

Mr. KNIGHT: I should like to discuss one other point having to do with the disposal of wartime property, and this time dealing with buildings. As the minister knows, or as he can easily guess, there is an extreme shortage of housing in Saskatoon. Many of the people affected are veterans of the last war, and particularly veterans who are attending or who wish to attend university. With a view to correcting that situation R.C.A.F. buildings have been brought into use. The provincial government in Saskatchewan have fitted up what they call community apartments, which consist of 88 suites for young married men, one of the stipulations incidentally being that they must have families before they can qualify for one of these suites—an unusual stipulation. Now they are

making provision for 44 additional suites from R.C.A.F. huts or buildings being brought in from the town of Davidson, at which point an air field was located during the war.

There is another scheme afoot, although it is not yet developed. I am sure prorogation of this parliament will take place before a settlement of this matter can be made; I therefore wish, now that I have the opportunity, to bring it to the attention of the minister.

The university of Saskatchewan will be overcrowded with students next year. A great many of these will have no place to live. The mayor and city council are acting in collaboration with the provincial government and have set out a scheme under which they would like to use some of the surplus buildings at Dundurn. There are many empty buildings at Dundurn Camp, as I have no doubt the minister knows. They are located about thirty miles from the university. The suggestion is that through the cooperation of the dominion and provincial governments, and the city, there might be such a thing as establishing a colony of these young veterans, so that they could have their wives and families with them while they are attending university and could live in some of these empty buildings at Dundurn. Transportation of course would be a big problem; but with the cooperation of the provincial government, which controls a government-owned system of buses, I believe the transportation difficulty might be overcome.

I take this opportunity to bring the matter to what I hope will be the favourable consideration of the minister, so that when he is approached upon the subject—if indeed that has not already taken place—he may be in a position to give a decision.

Mr. ABBOTT: I shall be glad to look into the matter. I had an opportunity earlier this year to see the magnificent university at Saskatoon. I chatted with some of the people there at the time and I know that in common with other Canadian universities in this coming year we are faced with a serious housing problem. My own university of McGill is up against the same thing. If and when a request is made—it has not yet been made—I can assure the hon. member it will receive sympathetic consideration.

Mr. SMITH (Calgary West): Mr. Chairman, I intend to take only a minute of the time of the committee to mention two matters of concern about which I know something. I have no military achievements whatsoever, with the exception that once I was a lance-corporal in the boys' brigade of the Methodist church in Regina. That is as far as I got. Therefore I do not discuss matters of a military nature. However I should make a suggestion to the minister, one which I have no doubt has been made before. It has reference to courts martial. During the war I appeared in quite a number of them, one of which I remember lasted eight days—and perhaps may I say, in my own defence, appearing at all times without fee, as perhaps a little contribution I might make in my own way to the war effort. But in my view the whole system of courts martial is wrong. I am not referring to what an officer in the field may do in respect of those minor things over which he has charge. My suggestion is that in each military district there should be an appointee who would be in the position of judge, and that such appointee would not be in uniform, but would be in civvies. He would have nothing to hope for by way of promotion, because there would be no further opportunity for promotion.

Why do I make this suggestion? I have in mind a court martial of an officer holding the rank of lieutenant-colonel. On the court were five officers, two of whom were brigadiers. We had a judge advocate from Victoria—and a very fine one at that. We had a prosecutor from London, Ontario. That court martial lasted eight days, and ended with a reprimand, or exactly the same decision which had been rendered by the district officer commanding in district 13, Brigadier Harvey. I am sure that court martial must have cost the country between $4,000 and $5,000; and I refer to it only by way of example. That court martial had been ordered by the then minister of national defence, Colonel Ralston. The men who comprised the court were fine men, honest men—I have no criticism in that respect at all. But they all had certain ambitions in the army. And no one can tell me that after going through the history of a case, where there has been a court of inquiry and where a district officer has made a decision, following which the court martial has been ordered, the persons sitting in judgment are not going to be affected by those conditions. Unconsciously they will.

Let us take another case, coming down to lower ranks. We find that a court martial has been held and perhaps an acquittal ordered or a light sentence imposed. I state no secret when I say that it is a custom in the army for the divisional commander, or whatever his rank may be—the person higher up, anyway—to telephone or to send notes saying, for example, "if this thing goes on, discipline will be weakened"—or will disappear. In other words my thought is that justice cannot

be administered properly when, all the time, there is a senior officer back somewhere who is in a position to criticize, and who is always in a position to assist by way of making promotions. On the financial side—and I advance this idea for the minister's consideration—on the financial side I am quite sure that it would not be an added expense. As you know, when senior officers are charged you endeavour to bring in persons not in that area and so the expense adds up. I make the suggestion knowing perfectly well that you cannot do anything about it now. I had about ten experiences with courts martial during this last war; I am not complaining about what they did—that is not the point—but it does seem to me that there is something well worthy of thought and I am inclined to think that the suggestion I have made may be of value. I turn now to something which may not be regarded as being so constructive, the letter from the commissioner of the mounted police.

Mr. ABBOTT: If there is a letter. I do not know whether there is, and I want to make that clear. I have not found a letter.

Mr. DIEFENBAKER: The minister said there was.

Mr. ABBOTT: I said that we were requested by the mounted police to give information. There may well be one.

Mr. SMITH (Calgary West): Irrespective of what the means of communication may have been, knowing about the mounted police I am perfectly certain that it would be in writing.

Mr. ABBOTT: I expect you are right.

Mr. SMITH (Calgary West): There will be five or six copies on seventeen or eighteen files. I know that it is the way they operate. I missed a bit of what the minister said this morning, because I was late, but I have been sitting here trying to put myself in his position and to think of a cogent reason why it should not be produced. I have been utterly unable to do so. If we care to go back, we find there is an order of the house. Maybe that order was passed hurriedly and without enough consideration, but there it is, an order of this house. But leave that out of the question for the moment, and remember in suggesting that I do not mean that one should lightly disregard an order of the house. What is the position? Here we have a report from the mounted police reading, if I read anything correctly, that there has been a prima facie case made out and naturally that is something for prosecution. After that we have the institution of the prosecution delayed, and we finally have it proscribed altogether on instructions from the deputy minister of labour.

I realize the minister has an equal regard to that which I hold—I say this with respect for all the other people whom we hear are working miracles—for the finest police force this world has ever known, the Royal Canadian Mounted Police. I am sure that we are all of that opinion. While I realize the inference is that it did not come to the minister because this is not his department, I think he should give consideration to this matter. Someone in the government is leaving that splendid body of men under a shadow. They have reported that there is this situation, that there is this case, and prosecution is stopped. Believe me, that shadow will be a lengthening shadow, and in my judgment it is utterly unfair to leave that splendid body of men in that position. If for no other reason than in defence of the mounted police I say, with great respect to the minister and to the Minister of Justice, that that report ought to be produced.

Mr. ABBOTT: With regard to the second point my hon. friend has raised, I do not know that there is such a report. The information upon which I based my answer this morning to the hon. member for Lake Centre was that the Department of National Defence were requested to provide information as to Major Elliott. If there is correspondence between the Royal Canadian Mounted Police and the Department of National Defence, and there may well be, I have not been able to find it. I have not the files here. If I understood my hon. friend correctly, the report made by the deputy minister of national defence was that it is understood that this correspondence is being produced by the Department of Justice.

Mr. DIEFENBAKER: Department of Labour.

Mr. ABBOTT: I thought it was the Department of Justice. As I understood him, the file was between the Royal Canadian Mounted Police and the Department of National Defence. That would be the ordinary course.

Mr. DIEFENBAKER: It is the Department of Labour. It states that it is understood that copies of the correspondence in question will be furnished by the Department of Labour.

Mr. ABBOTT: I understood my hon. friend to say the Department of Justice. I will look into the matter. I have not the order before me, but my recollection is that it called for correspondence between Justice and National Defence.

Mr. DIEFENBAKER: Yes, between the Department of National Defence and/or the Department of Labour and/or the Department of Justice.

Mr. ABBOTT: The three departments. If there is correspondence between the Royal Canadian Mounted Police, which I take it is under the jurisdiction of the Department of Justice, and the Department of National Defence which is properly producible under the order, it will be produced. If there is such correspondence, I do not know why it was not produced. I will look over the files, and if there is correspondence that is producible under that order, I will see that it is produced.

Mr. DIEFENBAKER: Without any qualification?

Mr. ABBOTT: Without qualification. That is all there is to that. It was indicated by the hon. member for Calgary West that this order was passed too hastily. I do not think that interdepartmental correspondence should be produced, but the order was passed and if there are letters which should be produced under that, I will see that they are produced. I shall have to check to see what lettters there are.

Mr. DIEFENBAKER: Can you say when?

Mr. ABBOTT: In order to cover the thing completely we shall have to check with the district, which would mean that they possibly could not be got before Monday. I should not think it will take more than two days. As far as headquarters are concerned, we shall know this afternoon.

Mr. BLACKMORE: In glancing through the items I cannot find one under which the Alaska highway could appropriately be discussed. I understand that this is under the control of the Department of National Defence, and I should like to ask the minister if he has any objection to our discussing that matter under this item.

Mr. ABBOTT: If the committee has no objection.

Mr. COCKERAM: There is an item on page 275.

Mr. ABBOTT: I think it would be quite in order if we dealt with these collectively, if the committee so wishes.

Mr. COCKERAM: The minister cannot be here this afternoon. Some of us have specific questions to ask, and if another hon. member is to be permitted to make a speech on something not relevant to the item, it will interfere with the continuity of the estimates.

[Mr. Abbott.]

Mr. ABBOTT: On second thought I think it would be better to defer discussion until that item is reached.

Mr. BLACKMORE: I want to be sure that there is an item under which it can be discussed.

Mr. COCKERAM: On page 275, the northwest highway system.

The CHAIRMAN: I understand the minister has suggested that the Alaska highway can be discussed under the item for northwest highway system on page 275.

Mr. BLACKMORE: That will be agreeable to me.

Mr. SKEY: This morning the hon. member for Broadview referred to some pertinent matters that we should be discussing under this item, one being Canada's defence policy. I believe he asked the minister what the imperial policy was, and also asked him to outline what policy the department is following at the present time. I should like to ask whether the newspaper reports of United States efforts in regard to joint defence are correct, and whether we are proposing any cooperation with the United States in North American defence projects.

Mr. ABBOTT: My hon. friend's question is pretty general. I do not know the press reports to which he refers, but as I have said on several occasions in the house, several years ago a permanent joint defence board was established of which General McNaugton is now chairman, and it is continually considering questions of joint interest to our two countries in the defence of the North American continent. As its name implies, it is a permanent board. It is not a policy-making board, but examines defence questions generally and makes recommendations to the government. That is continuing. Obviously matters of policy when decided are announced by me in due course in detail. A good many newspaper articles of course contain a very considerable element of speculation.

Mr. SKEY: I realize that it might be difficult for the minister to answer such a question, but I thought he might wish to make a statement on the subject, because a lot of people in this country want to hear from him on that subject and they will not be satisfied unless the joint defence board is giving consideration to matters of joint defence.

I understand that we require weather stations in our northern regions; in fact I know we do, because the whole of our civil aviation is dependent to a certain extent upon accurate weather reports. I understand that the United States are very keen to help in what might be called this international project. Has the Canadian government given consideration to cooperation with the United States government in a project for weather stations in our northern territory?

Mr. ABBOTT: Our meteorological stations are under the jurisdiction of the Minister of Mines and Resources, but I believe that consideration is being given to expanding the number of these stations to provide for the greater needs which have arisen as a result of increased air activity in those regions. While I am not in a position to make any statement as to joint operation of weather stations with the United States, that might be considered at some time, but it is not being considered at the moment.

Mr. GILLIS: I would ask the minister a few questions with regard to the matter of misconduct discharges, which was discussed extensively in the veterans affairs committee, and it was suggested there that a board be set up to examine into the reasons for the misconduct discharges with a view to modifying or changing them. A board of review was set up under the Department of Veterans Affairs to determine the eligibility to gratuities, and the board has worked very efficiently. I wish to compliment Brigadier Ferguson on the excellent job which that board has done in dealing with the gratuity end of misconduct discharges. But the most serious angle was the discharge of personnel, men and women, with a misconduct discharge which tagged him or her for the rest of his or her life. When the gratuity is granted in these cases, that does not automatically dispose of the misconduct discharge. So far as I can find out, nothing has been done in the matter of determining government policy in respect to misconduct discharges, whether personnel coming out of the service shall be tagged in this way for life or otherwise. Is there any intention to carry out what I consider to have been the instruction, or at all events the suggestion of the veterans affairs committee that these misconduct discharges should be reviewed with a view to changing or modifying them?

Mr. LAPOINTE: As the hon. member pointed out, representations were made by various members of the veterans affairs committee in respect to misconduct discharges, and it was decided to set up a board to examine each case individually of service personnel whose certificate mentioned that they were discharged for misconduct. Preliminary examination revealed that in a great number of cases the discharge certificate should have contained less severe words. For the purpose of giving the fairest possible consideration to individual cases a board has been set up at N.D.H.Q., composed of officers who have had combatant experience and experience in the handling of men in the field. I do not know that as yet any of these discharge certificates have been changed but I can assure my hon. friend that the board is at work.

Mr. MERRITT: In answer to the member for Trinity the minister said that statements of policy about the services had been made in press releases. At page 5018 of *Hansard,* when the naval estimates were under consideration, in answer to the hon. member for Yale, who had asked for a general statement on service estimates, the minister said:

> I made a fairly complete statement last session as to the naval position, and subsequently in a number of public addresses, press releases and the like I have indicated the general character and size of the post-war navy, and my plan had been to proceed with these estimates in the ordinary way.

In my view statements of policy as it develops, if it is not secret, should be made to this house by the minister.

Mr. ABBOTT: When the house is sitting.

Mr. MERRITT: We try to follow these things as best we can, but it is very difficult to sort out the actual policy from what may be newspaper speculation or incomplete reports of the minister's statements, and hon. members, who are more interested in details of policy than the general public may be, are not completely satisfied by these press reports. I know that was my own reaction to these reports. I would urge the minister to use the house as the place in which to announce statements of policy, and not to tell us in the house that his policy has been revealed in press releases, as he did several times the other day.

The report of May 17 in the Montreal *Gazette,* to which the hon. member for Trinity referred, with regard to progress in coordination and standardization of equipment and staff with the United States and the erection of defence and weather stations in the continental Arctic zone, was a pretty categorical statement. That was about the 17th of May, and at that time discussions were going on in Ottawa on these points between service representatives of the two countries. Although I quite understand that some of the decisions arrived at may be secret, and that there are

things which it would be improper to announce, I believe that a categorical report such as that which I hold in my hand, and which I shall be glad to hand to the minister if he has not seen it—

Mr. ABBOTT: I have seen it.

Mr. MERRITT: —should be amplified now.

Mr. ABBOTT: As to statements of policy being made in the house, I quite agree that such statements should be made in the house while it is in session, and I do so sometimes; on other occasions I do not. As to the point that I should make a long and comprehensive statement as to military policy, perhaps it would have been desirable for me to do so; that is a matter of opinion. But the same thing applies to every other department of government that comes before this house to have its appropriation voted. I am here as minister of National Defence ready to answer any question which is put to me; and the usual procedure on supply is, not for the minister to make speeches, but for the members to question him on the various items. During the war —my hon. friend was not here, of course; he was in the army—a practice grew up under the War Appropriation Act of the minister making—because his estimates were voted en bloc—a broad comprehensive statement in which he reviewed the operations of military forces during the past year and made some forecast for the future. Now there has been a good deal of talk in the house to the effect that the war is over and we are back on a peacetime basis. If the house wishes the minister to make these statements when the estimates are opened I shall have no objection to doing so, but I honestly feel that the better way would be to follow the procedure which was followed before the war, of allowing hon. members, when the estimates are introduced, to make speeches if they wish, to ask the minister questions, and so on. It is for that reason I proceeded as I did, and it has been done with the other war departments—the Department of Munitions and Supply and the rest.

On this question of making policy statements every time the joint defence board meets in Ottawa and discusses matters, I do not think it is feasible. I believe the government must assume its responsibility of announcing from time to time, when matters of policy are decided upon, what those matters are, and I do not think it can be expected, because there is natural and understandable speculation as to whether the Americans would like to establish weather stations in northern Canada with us, or other matters of that kind, that the minister should rush into the house and either affirm or deny these reports. I am sure that my hon. friend does not suggest that.

Mr. MERRITT: If I may interrupt the minister, we are asking now on the estimates.

Mr. ABBOTT: That is right. Well, I have given the committee all I can give up to the present as to our policy with respect to the matters referred to. So far as weather stations are concerned I answered a moment ago that the weather stations are operated by the Department of Mines and Resources, and there is no present intention that that shall be changed. If there are any other matters, or similar questions, I shall be glad to answer them.

Mr. STIRLING: May I remind the minister that at the beginning of the discussion of the naval estimates I asked him a specific question on this matter and, whereas he referred to other points which I had raised, he did not refer to this matter of policy. I made it two-furrowed: I referred to the fact that I understood that in London shortly the spokesmen for the defence of the commonwealth were going to meet, and I asked the minister whether he would make any comments on Canada's representations at that meeting.

Mr. ABBOTT: I did that in answer to another question. I apologize to my hon. friend if I overlooked it in answer to his. I did so a little later in answer to the hon. member for Cariboo. It is difficult, when one hon. member asks a question and another gets up in the meantime and asks another question, to keep track of everything that is asked. I do it as well as I can, and if there are some questions which I overlook, it is not intentional.

Perhaps I had better correct what I said about these weather stations. I am not sure whether they are under Mines and Resources or Transport; it is one or the other that handles the meteorological stations.

Mr. STIRLING: Transport, I think.

Mr. JAQUES: The other day I asked the minister a question about a pension, and he said I might bring it up under this item.

Mr. ABBOTT: We introduced this morning and gave first reading to the bill to amend the Militia Pension Act, and I think it would be appropriate under that bill, which may come on to-morrow. It is not under this item.

Mr. HANSELL: The question will only be asked once, anyway.

Mr. ABBOTT: But I have not here, perhaps, the experts on pensions whom I may have here on that bill.

Mr. JAQUES: Would the minister say that it would be better for me to ask it to-morrow?

Mr. ABBOTT: If my hon. friend expects to be here for the next day or two, it would be more appropriate to ask it when we are in committee on that bill.

Mr. JAQUES: Thank you. I will be here.

Mr. FULTON: It seems to me that what has just been said by the minister indicates again the advantages that would be served by appointing a standing committee of this house on defence matters. This was referred to by the hon. member for Nanaimo in his remarks when these estimates were first opened. It was referred to last session on September 28 by the hon. member for Vancouver South, when he went at some length into the constructive suggestions put forward by the official opposition for defence policy. At that time, Mr. Chairman, as you will recall, the minister said he felt there was a good deal of merit in the suggestion; and on a later occasion the Prime Minister, when the suggestion was brought to his attention, made the same statement and said that the government would give it careful consideration and possibly set up the committee at some time in the near future. Since that time no further statement has been made by the government in that connection, and we are wondering just what is their decision, or whether any decision has been taken. I should like the minister, if he will, to give us the benefit of some comments on that point. But before he does so there are some further points which could be urged in support of the suggestion that there be a standing committee of the house on defence matters.

In the first place, it would give the members a chance to discuss and support the estimates intelligently in the house. At the present time there are, naturally, many aspects of defence policy which we cannot know, and it is well known that the officials of the department are hesitant when telephoned up by an opposition member to give information which is related to policy. Members of course will be careful not to ask them questions of policy, because it is putting them in an unfair position; and one is hampered in that way, the information is not as readily available to members as it is to the government. The result is that frequently we come in here and all we see is an item in the estimates of so many millions of dollars; it seems a large item, and one's first inclination is to say "You are spending too much money", because we have not the information as to what it was that went into the decision to appropriate that money. I believe the estimates would be discussed a great deal more intelligently if we could get that information, and probably in many cases they would be supported instead of being crticized.

Another consideration which makes it desirable to have a standing committee on defence is that the armed forces are always a vulnerable target for attacks of many kinds. While everyone would like to see economy practised, I think one should be careful not simply to say, "You are spending a lot of money on the armed forces and therefore we will attack them and oppose all the money which is being spent there." But it seems to me, on reviewing speeches and statements in past years, that in many cases the armed forces have been an obvious and vulnerable target for attack. Somebody says, "Well, we have to slash the estimates; let's get busy and do it." One knows too that the services themselves find it difficult to ask for large appropriations because they are met with the answer, "Treasury board would never authorize that; or if they do, the members of the house when the estimates come up will criticize us for extravagance." And so in many cases the services are actually starved for want of money. If members could have information as to the necessity for that money I think it would facilitate the passage of estimates and the work of the house generally. It would also put us in a much better position to discharge our duty of suggesting a sensible defence policy. It would enable members, knowing the full inside story, to go out into the country and defend the armed forces and advocate recruiting. The suggestion was made the other day that the minister should embark on a recruiting tour of the country. I hope he will, but I think it would help if all members of the house, when they go back to their constituencies, would advocate recruiting for both the permanent force and the reserve army. We would be in a much better position then to talk intelligently about it, and more inclined to do it if we knew what the policy was as well as the background of that policy.

In this connection I would make a general observation. I feel that recruiting for either the permanent force or the reserve army will not be successful until the country comes to realize and is made to realize that the armed forces should play and will play in the future a prominent part in the national life of the dominion. In the past many people have been inclined to regard the permanent force

as a joke and permanent force officers as stuffy individuals. So long as that attitude prevails, naturally the force will not attract the class of recruits that we consider desirable, and every effort should be made to impress upon the permanent force and on the reserve army, as well as on the people generally that the armed forces—I am speaking particularly of the army, but I have in mind the armed forces generally—will from now on be an integral part of our national life and that a career in the services will not be an isolated career but a calling which is an essential part of the national life. In that event, especially as I understand that the policy is developing whereby men will leave the force at a younger age, one will be able to step into the force and after a time step out of it with hardly any sense of transition. It will not be a long step, merely a passage. The whole thing, I say, would be an integral part of the national life, related to our scientific and technical development, so that desirable persons will be encouraged to enter the services and will not feel isolated from the rest of their fellow citizens but will be conscious instead of performing an equally important task, as important as if they were in some other walk of life.

I suggest therefore that the greatest care should be exercised in the selection particularly of district officers commanding. They should be persons who are able to take their place in any of the functions of their community. They should not regard it as just a bore to have to go to convocation ceremonies at the universities. Instead, they should want to go and should feel that it is their rightful place, and the attitude of mind should be encouraged in which, if a district officer commanding is not at a public function, people will ask questions. If the army and the other services are to be an integral part of our national life their representatives should take their place on public platforms together with other dignatories and public officials. If that is to be the aim, then you must select persons capable of discharging those functions, and whose attitude of mind is that they have their rightful place to fill at every public function. The appointment of a defence committee of the house would go a long way towards bringing these things about and it would give us a better picture of the policy generally and enable us to go back to our constituencies and support the armed forces.

Mr. COCKERAM: I wish to say a few words before the minister goes away. I should ask him to look at the statement he made the other day at page 5073 of *Hansard*, that there were still 830 men serving detention for desertion and absenteeism. The minister announced that an amnesty had been granted men who had never joined the army. In my opinion those men who enlisted and tried to do the job but who through the exigencies of the service possibly lost their courage are the ones who should have been given the first amnesty, if any was to be given. After all, peace has not yet been signed. Will the minister make a statement as to why he did not grant amnesty to the 830 who are serving detention at the present time?

Mr. ABBOTT: I do not know whether it will satisfy the hon. gentleman, but the answer is this. Amnesty was not granted the others; they were disclaimed and written off the books. It was felt that so far as the men who were in detention were concerned, they will receive certain definite financial benefits as a result of service, and it was better that these should be reviewed, sympathetically if you like, by the district officers commanding. Of recent months we found that a very large number of men have been coming in and voluntarily surrendering themselves, largely for the purpose of getting the sort of thing I have mentioned. If they took ill they realized that if they came in and served the time of detention their wives would get the dependent's allowance while they were there; if they were in receipt of assigned pay prior to going absent it was reestablished, and they got free medical attention, rehabilitation grant and clothing allowance. Many have been coming in on that basis, and instructions have been issued to the district officers commanding in the eleven military districts who ordinarily review these cases to make a special review, looking at the circumstance of each particular case in the light of the benefits, if I may so describe them, which these various men will receive.

Mr. COCKERAM: How many are in Camp Borden?

Mr. ABBOTT: I cannot answer offhand. The totals I gave the other day were approximately right. They are changing every day, and I have not the figures for Borden, though I could get them.

Mr. FULTON: What is the intention with regard to the defence committee?

Mr. ABBOTT: I was sympathetic to it, as I indicated before. This session, as it has developed, many other committees got ahead of it. It seemed for one reason or another

that a tremendous number of important special committees were set up this session, including the veterans' affairs committee. I would hope that at another session it will not be necessary for the veterans' affairs committee to undertake the stupendous amount of work it did this session, so that at the beginning of another session, which we could perhaps regard as our first normal session of the new parliament, it should be possible to give early consideration to that question. The real reason why it was not actively considered this time was that there were so many other matters which had to be dealt with that it would not have been possible for members to serve on another committee.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

The CHAIRMAN: The committee is considering the estimates of the Department of National Defence, item 569.

Mr. STIRLING: This morning the minister said he had replied to a question I asked, and that he had given the answer to the hon. member for Cariboo. I have looked up that answer, and I find it was not an answer to the question I had asked. My question was in connection with the holding of a meeting of defence chiefs of the commonwealth in London next month, which had been mentioned in the press. Could the parliamentary assistant say whether it is correct that there is to be such a meeting in London in the fall?

Mr. LAPOINTE: There was a meeting, which took place a few days ago, from which the chief of staff has just returned. That is the only information I have with respect to any such meeting on commonwealth defence, as my hon. friend called it.

Mr. STIRLING: The minister gave that information. That was a meeting of chiefs of staff, but evidently the item in the press about a meeting in the fall is not correct, and there is not to be a meeting of commonwealth defence chiefs later on?

Mr. LAPOINTE: There is no knowledge of such a meeting.

Mr. COCKERAM: Mr. Chairman, I do not think it makes for good government that in the dying days of the session we should be called upon to discuss estimates amounting to approximately $497,000,000, or twenty to twenty-five per cent of the total expenditures of this country. Now what is happening? The minister finds it necessary to be elsewhere this afternoon, and he is not in the house to discuss his estimates. Right now I am going to suggest that at least one of these items remain open until the minister is here to answer the questions which have been put to him. The minister has come to parliament and to the people with a plan to organize an army of 25,000 men. The other night, in reply to a question, he made the statement that of this number some 3,049 would be officers. According to this morning's newspapers the effective fighting force included in the total of 25,000 officers and other ranks is to be a brigade group of approximately 7,250 men, and I think this country is entitled to know how the difference between 25,000 and 7,250 is made up. If there are to be 3,049 officers, that will leave 21,951 other ranks, out of which we are going to have a fighting force of only 7,250. As I make it out, this means there will be one officer in the army for every seven men. I have had some military experience, and I consider this figure excessive. What is going to happen if the minister does not get his 21,951 other ranks? Is he going to maintain all these officers in the force? Our permanent force to-day numbers something like 11,000 all ranks, and in view of the fact that men are not enlisting is the minister still going to retain 3,049 officers in the armed forces of Canada? I think that is one question which should be answered, because if the minister intends to retain all these officers, the services are bound to be top heavy in regard to officer personnel. Everyone agrees that we must have an efficient army, but I do not think you can have efficiency if you are over-staffed.

I understand it is intended to take up the radio legislation this afternoon; therefore I renew my suggestion that one of the items be allowed to stand so that the matters some of us wish to bring up may be dealt with at a later date. Referring to the 3,049 officer personnel to be retained in the new army, I should like to ask the parliamentary assistant how many lieutenant generals are in that number, how many major generals, how many brigadiers, how many colonels, lieutenant colonels, majors, captains, lieutenants, second lieutenants and W.O.1's. I ask that question because I want to see how many junior officers are to be retained. Is this number of officers to be made up mainly of officers above the rank of lieutenant colonel? We should be given those figures, because I believe I know something about the officers they have at the present time.

Another question I should like to put to the parliamentary assistant is this. Parliament is being asked to authorize an expenditure to maintain an army of 25,000 men. At the present time in the employ of the Department of National Defence there are approximately eleven to twelve thousand civil servants. If we vote money to maintain an army of 25,000 men, does that mean we vote money for 25,000 men plus 12,000 civil servants, or do the 12,000 civil servants have to come off the army establishment? If they do, the figures with which we have been presented will be all out of proportion.

Further, I should like to ask the parliamentary assistant a question in regard to the item of something over $300,000 for the war graves commission. How many officers and men are employed on that commission? Then I should like to ask the hon. gentleman what the joint defence committee is costing this country; how many officers are on it and what is the total personnel. I ask these questions because the more men who are on detached jobs or with detached units, the fewer men there will be to train.

I think we are kidding the people of this country when we have the implication that we are voting money to train 25,000 men for the armed services. I feel sure that when the story is all told the percentage of men doing actual training will not be very great. We know we are to have a brigade group of 7,250. How many men in addition to that will be in the active force? According to the estimates which have been presented to us civil servants in the Department of National Defence (Army) are costing this country $11,875,089. Unfortunately the minister has left these estimates to the last minute. I suggest to the minister that many men in the House of Commons are business men. What do they do at the end of the year? If they want to know how much money they will spend in the coming year they write to their departmental heads and say to them, "Please prepare estimates for the following year." Before the fiscal year is up those estimates have been presented, and those business men know what their expenditures are to be in the year to come. What happens here? Already six months of the fiscal year have passed by. Now, in the last few days of the session, we are passing estimates in huge volume, without any chance of examining them down to the last dollar. If a business man did that in his business he would be bankrupt to-morrow—and there is no business man in the chamber who will deny that.

[Mr. Cockeram.]

There is not a member in this party who does not believe in supporting the armed forces, but we want to support them in a reasonable way, in a manner in which we will get the greatest efficiency and the greatest good for the armed services. I do not believe it does any good, a day or so before the session is over, to discuss expenditures of around $497 million in the manner in which we are doing it to-day.

I have asked the minister to answer certain questions. In item 569 there is an item of $25,843,524 for commitments. What are those commitments? We are entitled to know that, and I should like to have a detailed statement.

We are trying to build up a force which would be of use to Canada in possible days of trial which may lie ahead. I have said before, and I repeat, that until such time as a reserve army is built up the system of commands is superfluous. Hon. members may have seen in this morning's press a statement to the effect that central command has taken over an estate outside Oakville. Much money is to be spent to make that estate a command headquarters. I suggest the spending of that money at this time is absolute foolishness, because we have one of the finest camps in Canada at Camp Borden, and it is located in the command. Why not utilize the camps we have? Why have vast expenditures in connection with an estate outside Oakville to set up command headquarters?

One reason I am positive that these command headquarters are not justified is that, as happened after the last war, the militia or, as the minister chooses to call it, the reserve army, is in the doldrums. I say you have to build from the bottom, not from the top. You are building a bureaucracy of senior officers in the army before you get men to serve in the force. I cannot conceive what the departmental officials are thinking about. Do they want to give higher pensions? Do they want to give higher rank to a greater number of officers? I am sure it does not lead to efficiency in the services.

I have asked many questions. I should like to expedite the business of the committee, because I understand we want to get on with another debate. I am prepared now to leave this matter in abeyance. There are many more things I should like to ask, but it would seem cockeyed to bring up further questions at this late date in the session. If the minister wants to be fair with hon. members, then the time to bring these estimates before the committee would be before March 31. Then we shall know what is to be spent in the year to come.

Mr. LAPOINTE: The hon. member has raised many points and asked many questions. While I may not have taken all of them down, I shall try to answer some of them. I do not believe he can fairly blame the minister for the fact that the estimates are brought down at the end of the session.

Mr. COCKERAM: I am not blaming the minister.

Mr. LAPOINTE: He must admit that the business of the house in the last few months has been tremendous.

Mr. COCKERAM: I say the policy is wrong; the whole system is wrong. We should have these estimates before the beginning of the new financial year—all the estimates, not just those in the Department of National Defence.

Mr. LAPOINTE: The session did not open until the middle of March.

Mr. GRAYDON: Whose fault was that?

Mr. LAPOINTE: I think my hon. friends were just as much pleased as we were to have the recess between Christmas and March.

Mr. GRAYDON: We do not want it next year.

Mr. LAPOINTE: The hon. member has asked for a breakdown of the number of officers who are to compose the interim force. I do not quite understand whether he wanted a breakdown of those who had been accepted in the interim force, or whether he wanted the proposed establishment.

Mr. COCKERAM: I want both.

Mr. LAPOINTE: You will get both. As regards the acceptance for the interim force, by rank, as of July 31, they are: major-generals, 9—

Mr. COCKERAM: What about lieutenant-generals?

Mr. LAPOINTE: One.

Mr. COCKERAM: No, there is more than one.

Mr. LAPOINTE: I am talking about those accepted as of July 31 in the interim force. There may have been more since then; I have not the figures right up to date. My figures are to July 31. Afterwards I shall give my hon. friend the proposed establishment, and I am sure that will satisfy him.

Mr. COCKERAM: It might not.

Mr. LAPOINTE: They are: brigadiers, 12; colonels, 41; lieutenant-colonels, 181; majors, 575; captains, 1,106; lieutenants, 700; W. O. I's, 505.

Mr. COCKERAM: How many lieutenant colonels?

Mr. LAPOINTE: I gave the figure of 181, and 41 colonels.

An hon. MEMBER: Read it in *Hansard* to-morrow.

Mr. LAPOINTE: The establishment is: lieutenant general, 1; major generals, 13; brigadiers, 26; colonels, 60; lieutenant colonels, 235; majors, 664; captains, 1,285; lieutenants, 532.

The hon. member brought up the question of the imperial war graves commission. As my hon. friend knows, that is a commonwealth organization to which Canada has contributed since the last war. This organization maintains our military cemeteries overseas and is continuing the work it started after the last war. The item is to provide for a contribution to the imperial war graves commission. If my hon. friend is interested in knowing the cemeteries that are taken care of, I shall be glad to give him the list.

Mr. COCKERAM: I am interested only in the military personnel.

Mr. LAPOINTE: So far as we are concerned, the personnel consists of a secretary here in Canada. The rest of the personnel is employed overseas by the commission.

Mr. COCKERAM: We have a Canadian on that commission, because General Roberts is the chairman.

Mr. LAPOINTE: He is employed by the imperial war graves commission, which is an autonomous body to which we make yearly contributions. He is not in the employ of the Department of National Defence as such.

Mr. McKAY: Mr. Chairman, I have several observations to make on this item. I have become somewhat concerned about the trend of the discussion. There have been repeated references to world war three, and it seems to me that the kind of talk which provokes wars is to be greatly deplored. Every effort should be made, even in the discussion of defence estimates, to indicate Canada's position as a peace loving nation, with the desire of maintaining peace with our neighbours as our paramount objective.

Plans have been suggested at various times in the course of the discussion as to how an aggressor should be met, as if such aggression were inevitable. While it may be highly dangerous to bury one's head in the sand like an ostrich and disregard the activities in one's immediate proximity, it is just as dangerous to be talking abo it the probabilities

of war. I have listened in dismay to reference to brigades, to boots and shoes, to kilts, to brass hats, to uniforms, and all the other details which, while important in themselves in past wars, appear now to be relegated to an age which saw the movements of masses of men and warfare of a kind we shall never witness again. We are in the atomic age, but some of our military leaders, and I am afraid probably some hon. members of this house, are still fighting the battle of Waterloo. Should it be our unhappy lot to witness a modern war in our time, it will be decided in the first twenty-four hours. It will be decided by the atomic bomb directed to targets by the robot plane, and in addition we may witness bacteriological warfare directed against our civilian populations. That is conceded by scientists in every country of the world. There may not be a declaration of war at all; we may see a repetition of Pearl Harbor in scores of places simultaneously. Our industrial capacity and fighting forces will be decimated in one fell swoop of an aggressor. We may not know who the aggressor is at the time. I say these things because I believe we should give them serious thought and ponder upon them.

It is not a pleasant picture, but we should be realists. Having said that may I say that it behooves all of us to examine the world organization which has been set up in the form of the united nations. I believe the future of Canada lies in supporting a powerful international government. It can be made effective by the cooperation of all world nations; it cannot be made effective without that. The only hope of world peace lies in such an association of peoples. If that fails, we can expect war.

Agreements do not prevent war. World history has shown again and again that an armament race ultimately ends in armed conflict. I believe we can expect that world cooperation which Tennyson envisaged. Fear of the destruction of our civilization should force intelligent people to work together in the common weal. In any event, Canada with only twelve million people must pin its hope on a powerful international instrument to preserve peace. We must be prepared to subscribe personnel, materials and wealth to make the work of such a force effective.

We as a people cannot afford to disregard the great scientific advances that have been made in the realm of warfare. If Canada fails to consider the technique of modern war she may be in the unhappy position of a Belgium or a Poland which in world war I and world war II respectively were unable to cope with mechanized equipment even though well supplied with man-power. Canada, with ten times the frontier to defend, would be in an even more hopeless position. So we must hope and pray that the united nations will be an effective instrument for peace. But until the united nations is made that effective instrument for world peace, Canada should direct her attention to technical and scientific research in connection with the armed forces and set up establishments accordingly. I notice there is an appropriation of some $14,000,000 for this work, while approximately $300,000,000 is being appropriated for the army, an army to be used largely as an organized training force. I insist that there will be no opportunity to prepare an armed force to meet an invader in a future war as we were able to do in the last war. I consider public money wasted unless it is directed to the training of technical and mechanical staffs and in the development of ultra-modern war equipment.

It has been suggested on several occasions in this house that Canada will be the battleground in any future war. God forbid that that ever should be so. Our duty as legislators is to guard against that eventuality. Young men and women, who are the most heavily penalized in the devastation of war, will hold us responsible if we fail to take every precaution against that possibility. No one gains from war. Victor and vanquished suffer equally in modern combat. Modern war is a most terrifying spectacle. Civilians young and old are also involved. Innocent and guilty alike face the consequences of armed warfare in modern times. Its effect is demoralizing to the whole populace.

No nation on earth enjoys more complete self-interest in the future of peace than does Canada. If two or more great powers should come to blows and launch their rockets and atomic missiles against each other, Canada in short will be the innocent bystander, whether we like it or not. The struggle quite conceivably could be carried on either over or through our territory.

So far we have been satisfied to follow the leader and play the role of a small power directed by either the United States or Britain. Whether we realize it or not, our role in modern war is that of a first-class power because of our great industrial capacity and our location. It is common knowledge now that during the last war Canada produced more per capita and put more men into the army, navy and air force per capita than did our neighbour to the south. We have proved that in the past. But our interest is not in fighting. Our interest must be in peace. We should therefore be a leader in the councils for world

peace. Our voices should be heard on behalf of all the small nations who desire and strive for peace. It is in the small nations that the desire for honest peace dwells. And, Mr. Chairman, our voice must be heard. It should begin here in this house and be heard wherever our representatives speak on international councils. Our destiny is wrapped in peace. We must have enduring peace if we are to survive as a people. All the ordinary people of the world abhor war. I am opposed therefore to any bilateral agreements with any nations. Alliances always breed suspicion. Canada has been discussing with the United States joint defence arrangements. If it is only a defensive arrangement, few Canadians will seriously object to such discussions. But too often defence agreements develop into aggressive alliances. Any alliance leading to aggressiveness will be opposed by the large mass of the Canadian public. They are just as distrustful of military diplomacy from Washington as they are from any other source. Canada wishes to preserve her sovereignty. Canada will offer vigorous opposition to any encroachment upon her sovereign rights by any one power or any alliance of powers.

Military manoeuvres in Canada directed against any nation may well damage our relations with other nations. I am not sure that ill feeling has not already been engendered by the manoeuvres of the Muskox expedition.

We hope that the pleasant relations that we have maintained in the past with the United States will continue. They have been good neighbours. But we also desire good relations with every other nation. If our defence talks with the United States are for hemisphere defence under the direction of the united nations organization, they are commendable. The minister or the parliamentary assistant to the minister should assure the house that that is the policy of the government. On the other hand if these defence talks are only preliminary to a bilateral agreement, they will not be approved by the general public throughout this country.

Our only hope for a world free from war is in collective agreement, a collective agreement directed by the united nations organization security council. If the united nations organization fails to preserve peace, our position is indeed a hopeless one. We have neither the wealth nor adequate population to defend the vast area of this country. To say that this area can be successfully defended by ourselves alone is failing to be realistic. We must support the world organization and raise our voices for collective agreement, so that the peoples who are desirous of peace may have their desires fulfilled and a peaceful heritage be handed down to their children and their children's children.

Mr. LAPOINTE: Perhaps I may be permitted now to answer a question that was asked as to the $25,843,524 of commitments mentioned in the item. The details are as follows: Travel, transportation and freight, $500,000; construction, purchase, repairs, operating expenses of properties, $5,000,000—

Mr. COCKERAM: Has the hon. gentleman the details of that $5,000,000?

Mr. LAPOINTE: It is contingent on the amount of building we shall be able to do. There are certain proposed constructions which we have been unable to proceed with because of the shortage of building materials. If the supply situation permits in the current year, we propose to go ahead with them.

Mr. COCKERAM: May I suggest that in view of the hundreds of millions of dollars spent on military establishments during the course of the war, $5,000,000 seems a lot of money to spend on capital construction at this time. It does seem to me that this sum for capital expenditure is hardly justified, unless there is some good reason for it.

Mr. LAPOINTE: There is a considerable need for the construction of armouries throughout the country.

Mr. COCKERAM: That is all right.

Mr. LAPOINTE: A plan for the long-term construction of armouries has been carefully prepared and it was proposed to go ahead earlier with that construction, but that has been impossible. This item covers mostly such construction.

Mr. COCKERAM: Can the minister indicate where they will be built?

Mr. LAPOINTE: The department has made a survey of the needs of the reserve army throughout the country, and a certain priority has been established so that the armouries most needed will be constructed first. The next item is personnel supplies and services, dental and medical stores, clothing, $4,565,524.

Mr. COCKERAM: This is another item to which exception can be taken. When the war was over we must have had on hand innumerable medical supplies, clothing and equipment which had been paid for, and now you come along and ask us to vote more money for supplies which the department must have on hand.

Mr. LAPOINTE: Most of these expenditures are commitments made this year for the maintenance of existing facilities. Further-

more, although we did have—I agree with my hon. friend—a considerable amount of medical and dental stores and clothing, there is a certain usage of that which has to be replaced.

Mr. COCKERAM: But you had so much on hand.

Mr. LAPOINTE: There were great quantities of certain stores, but others were in smaller quantities and short issue.

Mr. COCKERAM: I do not want to get too tough on this, but after all this is money which we are being asked to vote. Being a business man and knowing something about inventories, I say there should have been sufficient inventories on hand at the end of the fiscal year after the war was over to last not only this year but for many years to come. I do not think the explanation of the parliamentary assistant is good enough. I do not know whether they have declared stuff surplus to war assets which should not have been so declared. But these are big items in the expenditures, and the explanations are not easy to follow.

An hon. MEMBER: Carried.

Mr. COCKERAM: No, it is not carried.

Mr. LAPOINTE: As I explained, these are commitments for the coming year. Only a portion of this amount may be expended. The estimates are always made that way. My hon. friend knows that we have to provide for these further facilities during the year. If the money is not expended—

Mr. COCKERAM: A commitment is an expenditure.

Mr. LAPOINTE: No, it is not an expenditure.

Mr. HAZEN: Would the parliamentary assistant give us the rest of it? He has given us $9½ million.

Mr. HARKNESS: Just before that goes on, and more or less on a point of order, these items the parliamentary assistant is giving us are really items which appear under "army services" on page 273, except that he is giving just a certain proportion of each of these items under "commitments".

Mr. COCKERAM: No, they are not the same at all.

Mr. LAPOINTE: It is not included in item 569, and the amount of commitments is put in brackets. As I said before, these moneys are not expended, and they may not be expended. It is the estimated expenditure of these items. This is the way the accounting has always been done, and the way we have always proceeded.

[Mr. Lapointe.]

Mr. HAZEN: Well, may we have the rest of the breakdown?

Mr. LAPOINTE: I will continue with it. Signal and wireless equipment, line construction, $1,910,700; ammunition and bombs, $10,500,000; armaments, including rifles, machine guns, mortars and guns of all descriptions, $2,598,300; motor transport, trucks, tractors, trailers, tanks, A.F.V.'s and repair parts, $378,000; sundries, including printing, stationery, telephones, telegrams and other costs not included in above items, $500,000; experimental station at Suffield, $100,000.

Mr. HAZEN: The total amount we are asked to vote is $283,170,171, and the commitments are stated to be $25,843,524. What does "commitments" mean? Are we committed to spend that $25 million?

Mr. LAPOINTE: No, we are not.

Mr. HAZEN: Then how do you explain it? Because if you turn to page 273 you will find a breakdown showing construction, purchase, repairs, operating expenses of properties, $25,498,136; you will find ammunition and bombs, $21,262,210, and so on. You have given us only part of these items. Just what does "commitments" mean?

Mr. LAPOINTE: If I might point it this way as regards commitments: there are contracts made one year and payable in the next year, and we carry the item over. The other items which the hon. member mentioned are the actual expenditures under the headings mentioned.

Mr. COCKERAM: They are commitments.

Mr. LAPOINTE: And are being adjusted this year, yes.

Mr. FULTON: I want to deal with one general item just before coming back to the specific point in connection with estimates, and it has to do with this question of amnesty. This morning the minister stated that it is not regarded as an amnesty, that these personnel affected by the recent order in council are simply regarded as not having been in any of the services, so that technically, I suppose, it cannot be called an amnesty. But I want to point out two things. First, I do not think it is good policy, because as long as the Militia Act and the National Resources Mobilization Act are part of the law of the land you cannot exempt a whole class of persons from that law. However, it is done now, and I just want to make the observation, before I go on, that I think it was a mistake. Also I want to point out that there is a certain amount of unfairness unless the further

step is taken to provide for personnel of all three services who at the moment are undergoing sentence for purely military crimes. There is no guarantee that this personnel will get their gratuities or their clothing allowance or the other benefits when they are released. All we have is the undertaking to look carefully into their cases, and if it is found that they merit consideration they may be given some of the benefits, but there is no guarantee that they will get them. So those personnel, many of whom were overseas, who may have seen service in one action and gone A.W.L. before the next, and are undergoing detention sentences for what I may call military crimes, may not get any benefits when they come out; whereas the other class who were affected by the order in council admittedly do not get any benefits, but neither do they undergo any prison sentence. I think that is unfair. I suggest that either one of two things should be done. Either these personnel who served overseas and are still undergoing prison sentences for military crimes should be given a guarantee that when they come out they will get their gratuities and other benefits for their full period of service less the time spent in detention, or else they should be immediately given an amnesty and released from gaol, so that they will be put on the same basis as those who are affected by the order in council. Unless that is done there is definitely an element of unfairness to those who served and who committed military crimes for which they are still serving sentences. I would like the parliamentary assistant to give us an assurance that further consideration will be given this matter and possibly one of these suggested alternatives adopted.

When he answers that question he might care to make a statement with regard to the item that appears on page 273 for signal and wireless equipment, et cetera, $10,000,000. Last session I suggested that the minister might consider amalgamating the signals schools for all the services, because each service showed a very large item of expenditure for signals and wireless equipment. I suggested that in the initial stages at any rate signal training was undoubtedly standard, or could be made standard as between the three services, thereby effecting a saving in the maintenance of separate schools, and a saving, if further signals schools were to be built, could be brought about by having one school built for all three services. The minister indicated that he thought the idea worthy of consideration, but I regret to say that, as is usually the case when such statements are made, nothing was done about it, because there is still a large item in each service for signal expenditures. I would appreciate it if the parliamentary assistant would make a statement on both these matters.

Mr. LAPOINTE: I can assure my hon. friend that I will bring his representations to the attention of the minister as to the treatment to be extended to personnel who have served overseas and are at present serving sentences in Canada. To the best of my knowledge, there is only a very small number of personnel with the overseas service who, having been sentenced on the other side and brought back to Canada, are still serving. The court-martial board of review, to which reference has been made in the debate, sat last fall and released quite a number of personnel, and also recommended that sentences be remitted at a future date, which in some cases was two, three or four months. So I doubt whether there would be a great number of personnel having the status to which the hon. member referred. However, I shall have the matter looked into.

As regards the item for signal and wireless line construction, my hon. friend will notice that there is a considerable decrease this year as compared with last year's estimates.

Mr. FULTON: There is a difference of $3,000,000; that is all.

Mr. LAPOINTE: My hon. friend will notice at page 273, at the bottom, army and related services, there is an item "less adjustments $38,250,000." The difference to which I was referring is included in that $38,250,000, so that the decrease this year is really $5,551,296 on that particular item. The hon. member suggested that there should be a greater unification between the services with a view to bringing about economy in these particular expenditures.

Mr. FULTON: And efficiency, besides being desirable on its own account.

Mr. LAPOINTE: I may tell him that a step has already been taken in that direction in relation to research. Under the new defence research development, a start has been made in the direction he desires.

Mr. HARKNESS: There are two items in particular regarding which I was surprised and on which I should like some explanation. I refer to the item for armament, including rifles, machine guns and so forth, of $30,000,000 odd, and mechanical transport vehicles, trucks, et cetera, $27,690,000. We have just finished a war in which we had a large army in the field completely equipped with rifles, machine guns and all kinds of mechanical transport, and it seems odd to me that we should be spending upwards of $60,000,000

more at the present time for such equipment, especially when we know that there is a tremendous surplus, since a good deal of material has been sold by War Assets. It may be that these projected expenditures are for new items of equipment which have been developed since the war. If so, I would ask the parliamentary assistant to give us what information he can in that regard. If the expenditures are there for items which are essentially of the same kind as we had in the war and with which the army was equipped at the end of the war, then I completely fail to understand the item.

Mr. LAPOINTE: Again, in the two items my hon. friend mentions, there are some adjustments. On the first item of armament, including rifles, machine guns and so on, there is a reduction of $15,000,000 which must be taken off and which is included in the $38,250,000 to which I referred. In the second item there is a reduction of $12,000,000. The balance of the expenditure, I am told, is to procure up-to-date equipment and to replace equipment here in Canada which was used during the war and which it would be more costly to put back into first-class shape than to get new equipment. It covers also items which we never had during the war.

Mr. HARKNESS: I wonder if we could get a better explanation as to what "adjustment" means. Does that mean that the estimate shows in one case some $15,000,000 more than it is thought will now be needed, or what is the explanation?

Mr. LAPOINTE: These adjustments are items which are covered by other departments and which are to be settled by book transfers. The full amount less the adjustment is considered the true departmental expenditure; but some of it is covered by amounts owing to other departments, and a transfer is made in the books. For instance, particularly in the case of munitions and supply, it would be advances made to firms which will be brought back to cover these items.

Mr. HARKNESS: I still do not understand. I do not see where the matter of an advance made by munitions and supply has anything to do with this. I take it that the Department of National Defence, army, estimated they would need $30,000,000 odd for armaments, and it so appears in the estimates. The parliamentary assistant says there is this adjustment of $15,000,000. It would make it quite simple, I think, if the hon. gentleman could answer yes or no to this question. Does that mean you have now reduced your estimate by $15,000,000?

[Mr. Harkness.]

Mr. LAPOINTE: As I understand it, munitions and supply, through which all contracts went during the war, made advances to firms to the amount of the adjustment, which is about $38,250,000. We have to make a book adjustment now between munitions and supply and our department in order to clear those advances, as those expenditures were made for us.

Mr. HARKNESS: Does that come to the point, then, that in effect your estimate as it appears here, in regard to armaments, is some $15,000,000 higher than it is in fact? In other words, instead of $30,199,000, your estimate should appear as $15,199,000?

Mr. LAPOINTE: I think the clearest way I can put it to the hon. member (Mr. Harkness) is that out of that item some $15,000,000 is being actually spent by us this year. The balance is for an adjustment in connection with material already received by the department, which was ordered by munitions and supply and paid for by that department. Now an adjustment is to take place as between the books of the two departments; but the actual expenditure is not made by our department, as munitions and supply has already made payment. I do not know whether I am explaining the matter very clearly.

Mr. HARKNESS: I am fairly happy about that explanation. Essentially, as I said a moment ago, you are only spending $15,199,000 this year.

Mr. LAPOINTE: Yes, for this year.

Mr. HARKNESS: The other $15,000,000 was spent previously and there is to be an adjustment?

Mr. LAPOINTE: That is right.

Mr. HARKNESS: The $15,000,000 you are spending this year for armaments covers rifles, machine guns, mortars and guns of all description. I wonder if you could tell me how many rifles, if any, how many machine guns if any, and how many guns of other kinds, if any, were purchased. As I said before, it does not seem to me that any should be purchased; in fact we should have been selling some.

Mr. LAPOINTE: I am afraid at the moment I cannot give my hon. friend the details of these separate purchases, but the amount expended up to June 30, 1946, was $1,517,818.

Mr. HARKNESS: Is that for rifles?

Mr. LAPOINTE: No; as I said, I have not the details here. I can obtain them and let my hon. friend have them. I would have to look up that information.

Mr. BROOKS: Like the hon. member for Calgary East I am amazed that so much money is being spent for equipment and supplies for next year. According to a return brought down on March 27 of this year the department had on hand battle dress blouses totalling 456,347; that is, they had these blouses in ordnance stores, and they also had 593,024 trousers. Now I understand something like $5,000,000 is to be spent this year for clothing, supplies and equipment. That is perhaps understandable in connection with guns and other equipment, because they are changing all the time, but why should we be buying battle dress blouses or trousers when we have these large quantities on hand? I should like to ask the parliamentary assistant whether they are making battle dress blouses at the present time.

Mr. LAPOINTE: No, I am informed we are not making any battle dress blouses now.

Mr. BROOKS: Then why is this large item in the estimates for clothing?

Mr. LAPOINTE: A large portion of that item is a carryover, for purchases made and received already during 1945-46, as I understand it.

Mr. BROOKS: Then it is expected that there will be any change in the design of dress for the army in the near future, or will they use the battle dress as before?

Mr. LAPOINTE: There is no anticipated change. It is proposed to use battle dress.

Mr. BROOKS: My chief object in rising was to ask about the training facilities at Sussex, New Brunswick. I have no doubt the parliamentary assistant knows that it has been a military camp for the past fifteen years or more. I understand now that it is being abandoned as a military training centre, and that the training will be at another camp in the maritime provinces. I should like him to tell me, too, whether military district No. 7, with headquarters at Saint John, New Brunswick, is being closed; or what is to happen to it. We have heard certain rumours.

Mr. LAPOINTE: I can well appreciate my hon. friend's interest in the camp at Sussex. It is a fine camp. I had the personal experience of spending what I thought was a long time at that point. I am told the future use of the Sussex camp is at present under consideration by the general staff. I am afraid I did not quite understand the hon. member's question concerning military district No. 7.

Mr. BROOKS: I understood there was a possibility of the maritime provinces being made one military district; and instead of there being a headquarters at Saint John, there would be one at Halifax only.

Mr. LAPOINTE: No such proposal has been under study.

Mr. BROOKS: Perhaps the parliamentary assistant would explain what he meant by the expression "what I thought was a long time", when he was referring to the camp at Sussex. I am sure it was because he was anxious to get overseas.

Mr. LAPOINTE: Exactly.

Mr. ISNOR: I am glad the hon. member for Royal referred to stores. The minister stated this morning he was going to readopt as quickly as possible the pre-war policy of procedure, and I was wondering if that applied to the purchasing of stores. I ask this because of the very large amount of stores now on hand. The policy of the three branches of the service at this time to purchase supplies and to hold them in store for a period of from three to five years, is in my opinion a wrong one. I do not think this is an opportune time for any of the defence services to hold reserve stocks for that length of time, particularly in view of the shortage of certain supplies, including textiles and woollens. These commodities are in short supply in the civilian market. I bring this matter to the attention of the parliamentary assistant so that he may convey my views in this connection to the minister. I suggest the period should be shortened, even though at a later day it might be considered wise to extend it to from three to five years.

I have one further suggestion with reference to purchasing. During the period of the war it was customary for the three defence services to purchase large quantities through the department of munitions and supply, as it was then called. I feel the time has now arrived when each of these defence branches should stand on its own feet and make its purchases direct to fulfil its requirements. This principle is followed in most civilian merchandising establishments throughout the country, and in the United States. Each branch of the service would specialize in respect of certain purchases. I believe the naval service would have a better idea of its own requirements than a central purchasing organization would have. What I say respecting the navy would apply equally to the army and the air force. I would ask the parliamentary assistant to give further details respecting purchasing, as it applies to each branch of the service.

Mr. GIBSON (Hamilton West): I do not agree with the hon. member's suggestion that

each department should revert to the old system of having separate purchasing departments. Throughout the war the three services did their purchasing through the department of munitions and supply, and we found that that was by far the most economical way of doing it. The departments were not competing with each other in bidding for goods required. They were able to purchase in larger volume than would have been possible if each individual service had been making the purchases. It is the intention of the three service departments to continue to have their purchasing done by one central agency, as it was done during the war.

Mr. ISNOR: I have every respect for the ability of the Minister of National Defence for Air, but I question his judgment in this instance. He said they could buy in larger quantities. I doubt very much if that would prove to be so. More than that, I suggest that a purchasing agent from his own department could go out and purchase at just as low a price as could an agent from the combined services. There is the further fact that by having the purchasing under the direct control of each branch there would be greater supervision in respect of requirements, and thus one would not find on hand, as at present, the exceptionally large quantities which would appear to be unnecessary.

Mr. COCKERAM: The parliamentary assistant was good enough to place on record the proposed establishment of officers. On checking his figures I find he gave a total of 2,816. The figure given by the minister in the house the other evening was 3,049, or a difference of 233.

Mr. LAPOINTE: I realize that in giving those figures I did not give second-lieutenants. The second-lieutenants number 150. Then, in the nursing establishment there is one matron-in-chief, and there are seven nursing sisters (captains), and 75 nursing sisters (lieutenants), all of whom would be included in the total establishment. I thought the hon. member wanted the figures for the army, strictly speaking.

Mr. COCKERAM: Having been a junior officer, I am wondering who will perform the duties of orderly officers. Of the 3,000 officers the minister mentioned only 532 lieutenants and second-lieutenants. The balance is not there.

Mr. LAPOINTE: There is only one orderly officer for each establishment, and we have not that many establishments.

[Mr. C. W. G. Gibson.]

Mr. COCKERAM: I was referring to orderly officers for units. How many lieutenants are we to have? Then, I asked a question which I believe was overlooked, with respect to civil servants in the army. We are to have an army with a personnel of 25,000. If there are 11,000 to 12,000 civil servants, does that mean that we are to have 25,000 plus the civil servants or 25,000 inclusive of the civil servants?

Mr. LAPOINTE: It will be 25,000 plus the civil servants. I can assure my hon. friend that the number of civil servants in the Department of National Defence will be considerably decreased. The number has been decreased since last year, and as demobilization is completed it will be decreased still further. My hon. friend must understand that in the period between demobilizing the old force and setting up the new interim force it is necessary to employ civil servants. A number of temporary employees have been taken on to handle war service gratuities, dependents allowances and other services. It is expected that these services will be closed out in a short time, which will permit of an extensive decrease in the civil staff of the department. The number of civil servants employed includes considerable casual labour which it is necessary to employ during the period of demobilization.

Mr. COCKERAM: We are to have a uniformed force of 25,000?

Mr. LAPOINTE: That is right.

Mr. COCKERAM: Of that number, 7,052 are to be in the brigade group, which leaves about 18,000 odd for other regimental duties such as national defence headquarters, the commands, the districts, the training staff, and what have you. How many officers will there be at national defence headquarters? What is to be the establishment of the commands? What is to be the establishment of the districts? How many personnel will be distributed among militia or reserve units for training purposes? It looks as though out of a total force of 25,000 we shall have only 7,500 men actually available in case of emergency. For instance, there are 3,049 officers; are there to be, 3,049 batmen? Will those men be taken out of the training establishment? Batmen do not do general duties, as the parliamentary assistant knows.

An hon. MEMBER: They should.

Mr. COCKERAM: That is right, they should, but they do not. I can take you around Ottawa here and show you some of those men cutting lawns. How many staff

cars are to be run? The other day I saw six staff cars and a station wagon lined up on Bay street in Toronto. How are you going to have any men in the army if you permit this sort of thing to go on?

Mr. LAPOINTE: I know my hon. friend has considerable knowledge of military establishments. If he wants me to give him the details of every unit of our peacetime establishment, including the duties of every one, and what there will be in the way of transport, in the way of armament and so on, I shall be glad to do it. I have not that information at hand, but I can give it to my hon. friend in detail, and I think it will keep him busy during the recess.

Mr. COCKERAM: I want to make sure we are getting value for the money we are putting up. Everyone knows that we must have an efficient service. I bring up these matters to point out the stupid expenditures that are being made at this time.

Mr. FERGUSON: People are beginning to wonder at the ramifications of the Department of National Defence. I have a letter from the Minister of National Defence stating that his department intends to publish more copies of the famous French-English military dictionary. It may be possible that some of these staff cars and station wagons are being used by the publishing and printing staffs of the Department of National Defence. I am sure that members of this house and of the senate were pleased to receive copies of that seven pound book, which can be utilized for practically no purpose whatsoever. According to the Minister of National Defence, $25,000 has been spent by the department to publish 1,100 copies, or approximately $25 per book. As I say, the minister has stated that the department intends to put out additional copies to be sold by the department. Twenty-five thousand dollars may seem a small amount compared with other government expenditures, but we are told that additional money is to be spent in publishing this book and in making salesmen out of members of the staff of the Department of National Defence. I do not think the government needs to rely upon the sale of French-English dictionaries in order to provide revenue with which to run the Department of National Defence. I should like the parliamentary assistant to state whether it is intended to print additional copies for the purpose of sale, not only in Canada but abroad.

Mr. LAPOINTE: I wish to assure my hon. friend that none of the staff cars he may see circulating around Ottawa are used by the publishers of the department. The book to which he refers was printed by the king's printer, and I have no knowledge of additional copies having been ordered.

Mr. GRAYDON: Has not the demand been brisk?

Mr. LAPOINTE: I do not know, because that is also handled by the king's printer. I have not kept a chart of the sales of that particular item, and I do not know whether the demand is brisk. I can assure my hon. friend that at times I have found that book very useful, and I am sure other people have found it useful.

Mr. FERGUSON: I should be very glad if the department would get out a dictionary which would help members of this house to learn French, perhaps at a cost of $3 or $4, but I do not think it is humanly possible to learn to speak the French language or the English language from this book which has been published at a cost of $25. In my opinion that is simply squandering the taxpayers' money. I hope the parliamentary assistant speaks with authority when he says that no more of these books will be published, or that no more time of people on the payroll of the Department of National Defence will be taken up in connection with the publishing and sale of this book. However, the fact remains that the Minister of National Defence did state to me that he intended to print more of these books for sale.

Mr. LENNARD: The other night several questions were asked with respect to the personnel of the signal corps at Yellowknife, Dawson and Whitehorse, and these have not been answered.

Mr. LAPOINTE: My hon. friend asked how many signal corps personnel were stationed at Whitehorse, Yellowknife and Dawson City. The figures are as follows: Whitehorse, 1 officer, 7 other ranks; Yellowknife, 12 other ranks; Dawson City, 4 other ranks. My hon. friend asked whether they get annual leave. It has not been the policy to grant leave to personnel on these stations, because in the summer they cannot be spared and in the winter transportation is difficult. This is made plain to them when they volunteer for this service, and they receive extra pay on that account. Their leave is cumulative and they can take it after they have served two years. Compassionate leave is also granted, and transportation paid in such cases. To summarize, the condition is that they serve two years, they receive extra pay for this type of service and their leave is cumulative.

Mr. COCKERAM: The air force for many months have had a plane running between Edmonton and Whitehorse. Perhaps some arrangements could be made with the air force to bring these men out on leave.

Mr. LAPOINTE: I shall be glad to investigate the possibilities.

Mr. GRAYDON: I desire to raise a question which has been brought to my attention by a number of ex-servicemen of this war, many of whom have served in both great wars. It is the vexed question of the clothing allowance granted on discharge. As the minister knows, from September 1, 1939, until October 31, 1943, the clothing allowance for those who were discharged from His Majesty's Canadian armed forces was $35. According to a return which the government brought down in a response to a question I asked in the house on June 10 no less than 96,561 members of the Canadian armed forces received on discharge a clothing allowance of only $35. That is pretty nearly 100,000 of our Canadian soldiers, which is no small number. Then the government, yielding to public and parliamentary and largely, shall I say, opposition pressure, increased the clothing allowance to $65 per person. That remained in effect, according to the return, from November 1, 1943, to July 31, 1944, and there were discharges during that period to the number of 42,559. At the expiry of that period on July 31, 1944, the government, again yelding to persistent pressure, brought the clothing allowance up to $100 per person. In the meantime a total of 140,000 of our men who had enlisted and been discharged, and many of whom had seen service in both wars, found that while everybody discharged after July 31, 1944, got $100 clothing allowance, they had received many of them, only $35 and the others $65 clothing allowance. That seems to be rank discrimination no matter which way you look at it, because there was no substantial difference between the cost of outfitting a man discharged from the armed forces in any of those periods, and if it was right to give a man a clothing allowance of $100 after August 1, 1944, it was obviously right that every man discharged from the beginning of the war until August 1, 1944, should have received the same amount.

I am going to appeal to the parliamentary assistant to-day to be a little more considerate than the minister himself appeared to be when I brought this matter up before, because many members of our armed forces, to the numbers I have mentioned are rankling under what they feel is an injustice done to them in the clothing allowance granted. I ask the parliamentary assistant to review this whole matter again and to see to it that these men are given their just deserts with respect to the clothing allowance.

Mr. LAPOINTE: I shall be pleased to have the matter looked into again.

Mr. HARKNESS: The breakdown of officers of the permanent force which the parliamentary assistant gave a little while ago shows 100 officers of the rank of full colonel or above. That number in my opinion is extravagantly large. I can think of only from thirty to thirty-five jobs in the army in Canada which require an officer of the rank of full colonel or above. There are some eleven military districts and five commands, making a total of sixteen. There is one brigade group, bringing the total to seventeen. If you allow fifteen at N.D.H.Q., which is a very liberal allowance of officers to serve as heads of services, chiefs of staffs and their chief assistants, you have thirty-two altogether. Add another one for the Yukon, now that we are looking after the Alaska highway, and that brings the total to thirty-three. In any event thirty-five is the absolute maximum of jobs that I can think of requiring an officer of the rank of full colonel or above. I should like very much to know what the government are going to do with the other sixty-five. It looks to me as though they had been pushed into very soft jobs, carrying a rank which the job itself does not justify and did not justify even under active service conditions.

Mr. LAPOINTE: I have given my hon. friend the proposed establishment. As to whether we have too many high-ranking officers or whether they are occupying posts where they are just filling soft jobs, as my hon. friend stated, in the army, as in any department of government or in any private concern, you must have men at the top to run the job efficiently, and you pay them according to what they are worth and according to the work they do. That is what we intend to do in the army. My hon. friend will recall that under the new set-up of pay there is no longer in the army what we used to call the classified staff pay, under which system officers serving at headquarters receive in addition to the pay of their rank special pay for staff work. That has been done away with, and I think rightly, if I may express my humble opinion. But it makes for this situation, that an officer in order to get the pay which is adequate for the service he renders must be given the rank which calls for that pay. I hope my hon. friend will believe that this policy is justifiable.

Mr. HARKNESS: I am afraid I am not satisfied with that answer.

Mr. LAPOINTE: I did not expect it.

Mr. HARKNESS: As I say, under the army system we have in this country, which is modeled on the British system and corresponds fairly well with the United States system, certain jobs carry certain ranks; and as far as our army here in Canada is concerned, I have yet to be shown why we should have more than thirty-four jobs which would carry the rank of full colonel. In my opinion we just have not the jobs. The army is not big enough in peacetime to have that number. I think we are just top-heavy with ranking officers. If I said that it was a matter of creating "soft jobs" for them, I am sorry. I did not mean that they were soft jobs; I meant that these officers were given jobs with inflated rank and, therefore, an inflated rate of pay. The jobs may be much bigger than some which officers with a rank or two higher are performing.

Mr. HAZEN: May I ask for some breakdown of this item of the estimates, "construction, purchase, repairs, operating expenses of properties, $25,498,136?"

Mr. BLACKMORE: While the parliamentary assistant is looking up the information, Mr. Chairman, I wonder if you would tell us whether, when you ask us if the item will carry, that means that the whole of the item is to carry? I had the impression that you were going from division to division. I asked this morning when we would have an opportunity of discussing the Alaska highway; I should like that information.

The ACTING CHAIRMAN (Mr. Golding): I was calling an item which included all these things, and I understood the minister had given the hon. member the undertaking that he could discuss the matter he has in mind before this item is carried.

Mr. BLACKMORE: The understanding was that, on page 275, under the division having to do with the northwest highway system, it would be appropriate to discuss this item.

The ACTING CHAIRMAN (Mr. Golding): It is appropriate under this item. The hon. member is in order to discuss the item now.

Mr. BLACKMORE: Perhaps we had better let the minister answer the question of the hon. member for St. John-Albert.

Mr. LAPOINTE: If I may be permitted to answer that question as to the details of this item of "construction, purchase, repairs and operating expenses", under non-recurring costs there is a commitment carryover of $3 million; new construction, $1,940,860; reconditioning of properties to be returned to lessors, $5,687,585. Hon. members know that in a great number of cases we leased properties during the period of the war, and under the terms of the lease the crown was responsible for returning to the lessor the property in a good state of repair. This is the item under which the necessary expenditure is provided.

Mr. COCKERAM: Could the parliamentary assistant give us the detail of these properties and the amount to be expended? It need not be given now.

Mr. LAPOINTE: Yes, I can easily procure that. I have the information here: operating expenses of properties, $162,372. Under recurring costs, we have maintenance and repairs, $4,761,000; rental of property and land, $1,396,317; miscellaneous expenses, $691,642; operating expenses of properties, $4,966,663.

Mr. HAZEN: I did not get the amount for purchases.

Mr. LAPOINTE: Purchases of new properties, including land, $2,418,240.

Mr. HAZEN: Could the minister give us a breakdown of that item?

Mr. LAPOINTE: I am afraid I have not here the breakdown by properties, but I could give that to my hon. friend at a later date, too.

Mr. BLACKMORE: May I direct the attention of the committee for a short time to the Alaska highway, which, all hon. members will recall was constructed by the United States through northwestern Canada while the war was on. It will be remembered that there was particularly constructed a stretch of highway about fifteen hundred miles in length extending from Fort St. John to Fairbanks, Alaska, at an expense which has been estimated at between $98 million and $133 million. An all weather road and an all year route, it is graded twenty-four feet wide and capable of carrying a tremendous volume of traffic. The estimated cost of maintenance of this road is between $3 million and $5 million, according to the Great Falls *Tribune,* in an article published on October 7, 1945. This road, as hon. members know, has been turned over to the Dominion of Canada. It is of exceedingly great importance to us, we will say, in connection with business and tourist traffic, and we will discuss it from that point of view. I should like to know what the government is doing concerning this road. I understand that it is under the care of the Department of National Defence.

There are several aspects of this matter which, I believe, should be looked into by the committee at this time. The first has to do with the maintenance of the road. We can either let the road stand idle and deteriorate, as it would naturally do, or keep it in a state of good repair. It is extremely important for the committee to know what the government is doing in this regard; how much has been spent since V-J day; in what respect it has been spent; with what results, and who is doing the work. I think we as a committee should look into that. Perhaps someone who is doing the work is getting more pay than he ought to get, or maybe is getting too little.

Another matter: is the road open for tourist traffic? Hon. members know how important the tourist trade is to Canada. They have been informed, as a result of the activities of the hon. member for Davenport, of the almost fairyland attractions of that northern area. They will, therefore, realize that there are great tourist possibilities in that country if this great highway is opened for tourist traffic. I should like the minister to tell us something about that.

Then I think it would be a good thing for us to know to what extent the highway is available for commercial traffic. If heavy trucks are being allowed to carry oil and other heavy loads over the highway, it may be that the highway has deteriorated. We ought to know something about the government's policy in that respect.

Obviously, if this road is to be of the greatest value to the Dominion of Canada tributary roads should be built into it from the various provinces. It is quite conceivable that there should be one, say, from Winnipeg, one from Saskatoon, and one coming in from British Columbia. The obvious thing, I would think, for the federal government to do would be to invite the cooperation of the four western provinces that are contiguous to the road in building suitable highways which could be used in cases of emergency for almost any kind of traffic which it may be found necessary to carry over them. I should like to know to what extent the government has considered that matter and how great its progress has been in this regard.

Another matter which should be looked into is the development of the resources along the Alaska highway. There is a wide variety of resources. We have timber, minerals, areas of good land which could be used for agricultural purposes, and so on, and a good deal of fishing is possible there. It seems to me that a wise policy organized in conjunction with the provinces could bring about a condition under which it would be much less expensive for the dominion to maintain this highway at that standard of quality at which I think the United States would be justified in expecting us to maintain it, and at which our own national safety would dictate that we should maintain it.

Obviously, if there is to be any considerable use of the road, either for commercial purposes or for tourist purposes, there should be such facilities as service stations along the way and even restaurants and other necessary conveniences. I think it would be interesting for the minister to tell us something about what is being done in that regard, whether the government has a policy of encouraging those who might wish to establish such facilities along the road and what succes it is having in that regard.

There is a section of the road which has not yet been completed. It is the section between Edmonton and Dawson Creek. There is about a 200-mile stretch of road there which has not yet been completed so that it could be used in an effective way in case of emergency or for ordinary commercial purposes. For obvious reasons, this section should be built at as early a day as possible. Would the minister tell the committee what the plan of the government is with regard to this matter and what has already been done? I wish to ask a number of questions, and so that the minister may have an opportunity to reply to them in an orderly way I will read them and then send the list over to him.

1. Is the Alaska highway being maintained? How much money has been expended since V-J day? In what sorts of maintenance was the money expended, and who did the work—government companies or agencies or private companies and agencies?

2. Is tourist traffic being permitted by the government? If not, why not?

3. Is the highway available for ordinary commercial traffic?

4. Have any steps been taken to obtain cooperation of the four western provinces in constructing high-class highways connecting with the highway to enhance its value?

5. Has anything been done to stimulate the development of resources contiguous to the highway?

6. What has been or is being done to encourage the establishment and development of facilities for services for traffic along the Alaska highway?

7. What measures has the government adopted or planned to complete the stretch from Edmonton to Dawson Creek, about 200 miles?

Mr. MacNICOL: Perhaps the minister will allow me to say a few words first, and he can reply to me at the same time. I may be able to help him.

Mr. LAPOINTE: You probably can.

Mr. MacNICOL: Having been over much of the Alaska highway, I know something about it. The hon. member for Lethbridge has said something about it, and I will begin with the last question he asked in regard to the roadway from Edmonton to Dawson Creek. I would advise that this road be projected straight north west in as direct a route as possible to Grande Prairie.

Mr. BLACKMORE: Through Whitecourt.

Mr. MacNICOL: Yes, through Whitecourt to Grande Prairie, then following the present roadway to Dawson Creek, where you connect up with the Alaska highway which now starts at Dawson Creek. The original programme was to start it at Fort St. John. From Dawson Creek north it is a good roadway but it will require considerable attention. In reply to a question asked earlier in the session, a minister —I forget who it was—said that the government contemplated that it would cost about $5,000,000 a year to keep the roadway in proper operation, and I for one would be well pleased if they could keep it in adequate condition for operation at a cost of four or five million dollars a year. It is found in the spring that in a number of cases the bridges are taken out, because of the mountainous rivers rising as high as forty feet in a night as a result of the rapid melting of snows in the mountains which the road runs through for a considerable distance, or from heavy rains. That, however, is not an insurmountable obstacle. Besides, the maintenance of the roadway and repairs to bridges would give the department a splendid opportunity to train their engineers. I suggest that the government has a highly desirable school there for its engineering department in the maintenance of the Alaska highway, and the money will not be misspent, because, after all, the engineers must be trained and this work affords a practical opportunity for training them. Moreover, the government will have to maintain quite a staff of all sorts of men to assist the engineers, and they will have to give them practical training for the purpose. The Alaska highway would offer a golden opportunity for the practical training of all such men as are associated with the engineers in the construction of military works of any description.

The hon. member spoke of other roadways. I suggest that the defence department be employed to connect up the roadway that now runs west from Peace River through Grimshaw, but which does not, though it should, connect with Fort St. John. There again the department would have an excellent opportunity for training its men. Of course, it would have to cooperate with the British Columbia and Alberta governments but I understand that those governments are willing to cooperate and are themselves interested in promoting the construction of the roadway. Cooperation would also be necessary with the Saskatchewan government, which desires very greatly that the latter roadway should be completed. I agree with the hon. member for Lethbridge that the Alaska highway would be a remarkable tourist route, particularly the north end of it, because I doubt whether there is any place in America where one can enjoy such grandeur. There is no more magnificent scenery, no more striking landscape than is to be seen from Fort Nelson north, particularly as you get up to and beyond Watson lake. In that area Canada has a perfect paradise of tourist attraction.

As far as minerals are concerned, near Watson lake they are projecting a number of gold mines which will be profitable. I do not wish to take up any more time, but I strongly endorse the suggestion that the department use such men as are required to keep that road in first-class shape, thereby providing a roadway to a tourist paradise and at the same time furnishing actual practical work for the training of engineers and all others associated with them. I suggest that it would return a rich harvest.

Mr. DECHENE: I am greatly interested in this question, and I regret very much to take up a few minutes of your time, Mr. Chairman, of which I have been very sparing; but if this government is to spend more money on the Alaska highway, I suggest to you, sir, that it should be done in the way it has been done throughout the war, from Edmonton to the town of Athabaska northwesterly, crossing Slave river, south of Slave lake and along the shores of that beautiful lake to Peace river. That road carried immense traffic throughout the war when the highway was constructed from Dawson Creek to Whitehorse and beyond and hundreds and thousands of trucks traveled from Edmonton, damaging the road to a considerable extent in consequence. That was the result of extensive and heavy traffic. If the dominion government is to enter into an expenditure this side of Dawson Creek, undoubtedly it should be from Edmonton to Athabaska and from Athabaska to Smith, and on to the Peace river south of Lesser Slave lake. A bridge was constructed over the river west of Slave

lake, costing a large sum of money, in order to serve the Alaska highway. It is the proper place to spend more money; and I suggest to the parliamentary assistant that if the Department of National Defence decides to enter upon this undertaking and take over the road from Dawson Creek to Edmonton, if they undertake further expenditure within the province of Alberta it should be on the road to the town of Athabaska and northwesterly from there to the Peace river country.

Mr. LAPOINTE: I am grateful to the hon. member for Davenport and the last speaker for giving me all this information on the local situation in connection with the Alaska highway. I appreciate the remarks of the hon. member for Lethbridge. I know the importance of the highway in that section of the country, not only in regard to tourist trade but also in regard to future development of the natural resources of that great region; and, as he mentioned, from the point of view of defence. The hon. member asked a series of questions, which I shall answer as far as may be possible.

His first question was, is the Alaska highway being maintained and how much money has been expended since V-J day; and on what maintenance work has the money been expended? The northwest highway system, as my hon. friend knows, was taken over by the Canadian government, by the Department of National Defence, on April 1 last. Prior to that, the work had been done and the expenditure made by the United States. In connection with taking over the road a unit of Canadian engineers was sent there in January, 1946. The actual expenditure by the Canadian government up to the time the highway was taken over was $188,344. Since we have taken over the highway, to July 31 we have spent $625,000 in operation and maintenance, and the personnel we have there number 245 service personnel and 416 civilians. Of the civilians, the great majority were already engaged in the maintenance of the highway, and were taken over by us. I want to assure the hon. member for Lethbridge and also the hon. member for Davenport that, in taking over this highway, the department has contemplated its use as a future training ground for our engineers in the post-war army, and undoubtedly it will be used for that purpose. All the work on the highway is being done by the personnel I have just mentioned, under the direction of the commander of the northwest highway system.

With regard to tourist traffic, I am told that at present tourists may go on the highway but must first obtain a permit from the acting special commissioner for the Canadian government in Edmonton. They must show that they are in good health and that their vehicles are in serviceable condition for the trip up the highway and back. My hon. friend will understand that this is necessary at the present time in view of the lack of facilities along the highway, and it was only prudent on the part of the authorities to follow this course. The highway is also available for commercial traffic, again subject to the approval of the special commissioner. I am informed—and this information is not official but comes to me like the information I have received from the hon. member for Davenport—that in July some 897 vehicles, both passenger cars and trucks, made the trip over the highway.

As to the possible extension of the highway to join with other highways in the various provinces, I am informed that at present this question is under consideration with the governments of Alberta and British Columbia.

I believe my hon. friend also asked what was being done in connection with the development of the natural resources of that region. As he knows, that matter comes under the Department of Mines and Resources, and I am afraid I would not be in a position to give him that information.

The question of the completion of the stretch between Edmonton and Dawson Creek is, I realize, an important matter. I did not realize it before, but I understand now that it is a controversial question. I am afraid I am not in a position to give the hon. member any information. It would appear that this might be a matter under the control of the government of Alberta, since it is a question of highway construction. However, I am sure the matter will be given study in connection with the future use of the highway and the development of the region.

Mr. LOW: I appreciate the information the parliamentary assistant has given in his answers to the questions asked by the hon. member for Lethbridge. I should like to make one or two further observations and ask one or two questions. Has anything been done as yet by the department to connect the Great Slave lake area by a cross-road to the Alaska highway, and also the Great Bear lake basin, where they have discovered many important minerals? I ask these questions because it seems to me if the Alaska highway is properly to serve Canada in times of stress as well as in times of peace, feeder roads will have to be built linking these great mineral areas with the strategic highways along which the traffic of the northwest runs. As the hon. gentleman

knows, the provincial government of Alberta, in collaboration and cooperation with the dominion government, at the present time is building the Grimshaw-Slave Lake highway. That is a thrust of about 200 miles straight north of Grimshaw, which is just west of Peace River town. That is to get into the Mackenzie basin. Down the Mackenzie basin is an easy grade, which has been surveyed several times. I believe the province of Alberta originally recommended that this be the route of the Alaska highway, but that recommendation was not followed. I further believe that since then it has been decided it was a mistake not to follow that recommendation. However, the road is there and I believe it can serve a very useful purpose. In the Slave lake area, as well as in the Great Bear lake area and the Norman Wells area, we have already developed huge mineral resources. We also have the Canol pipeline, which runs across from the Norman Wells area into Alaska. Some kind of tractor road, or perhaps just a primitive trail, was built across there, and I was wondering if the department intends to develop that into a permanent road, so that in due course the pipeline may be able to serve the needs of the great northwest, whenever the oil from Norman Wells is needed. If the parliamentary assistant would answer those questions, then I should like to say one word with respect to a matter which has caused a little difference of opinion here.

Mr. LAPOINTE: I am afraid I am not in a position to give any specific answer about the particular routes, roads or highways the hon. member mentioned. All I can tell him is that the whole development of that region and the further roads to extend from the Alaska highway is at present under study. I am afraid I cannot give anything further.

Mr. LOW: As the department develops its plans, there is one thing which could be kept in mind, with profit, and I offer it only as a suggestion. It might be considered when the plans are being laid for the development of the northern country, and the highway itself. It is quite conceivable that that great northwestern highway might become of tremendous value to Canada in a time of stress. Its value would depend upon whether it is linked with the great industrial parts of America, along which route from such industrial areas materials might be moved quickly for defence purposes.

For a number of years the province of Alberta, the state of Montana, and other areas in northwestern United States and in Canada have organized bodies to study this highway, and the need for it. They have advocated the most direct possible route from Great Falls in Montana to Lethbridge, Calgary and Edmonton, and up to Dawson Creek and Fort St. John.

As to the route, the province of Alberta, in constructing the link between the international boundary line and Lethbridge just last year, kept in mind the possible need of a military highway. They have built in that link of about seventy-five miles the finest example of what could be a military highway, that I have seen in Canada. I understand that it is ready for hard-surfacing this year. They have also been improving the route between Lethbridge and Edmonton. Two or three years ago the province of Alberta completed a survey between Edmonton and Grande Prairie by way of Whitecourt, a northwest route which obviates the necessity of going clear around through Athabaska and along the shores of Slave lake. It cuts off approximately 100 miles in the distance between Dawson Creek and Edmonton, runs through a country where the grades would probably be easy, and where the country could easily be developed.

That survey is complete, and the information is available. Some day we shall see the necessity of having the most direct route for military purposes. The parliamentary assistant has stated that the development of other highways through centres now served will have to be left to the province. I say the province is fully aware of its responsibility in that respect and is to-day improving the road by way of Athabaska and up through the southern Peace river.

Mr. LAPOINTE: I shall be pleased to draw the minister's attention to what the hon. member has said.

Mr. MacNICOL: I can add a word for the minister's benefit with respect to the first route mentioned by the hon. member for Peace River, namely the route from Norman Wells extending 650 miles across two ranges of mountains to Whitehorse. That is another area where departmental engineers and those associated with them will have plenty of opportunity to develop themselves. I have been over the east end of that route from Norman Wells to stop 41, a distance of something less than 100 miles, and I was over the west end of the route for about 100 miles. At the time I was there the roadway was open all the way through, but when one comes to the two ranges of mountains through which the roadway runs a tractor would be required to pull a car up the grade. I do not believe it was ever completed to the extent that anyone leaving Whitehorse could ride through in his motor car to Norman Wells without the assistance of a tractor to get up the grades. Further

than that, one could go through only in a motor car with high wheels, one of the old fashioned type, because of the mountain creeks.

This is an area in which the department will have one of the best opportunities possible to train engineers and all personnel who will assist the army engineers. Since the government must maintain an engineering staff and train it, I would say this is a fine place to do it. If they ever do, through their engineering service, make the Whitehorse-Norman Wells route passable for cars, it will make available a tourist route the like of which few human eyes have seen. It almost beggars description, so far as I have seen it. It is a marvellous area, and I have no doubt that if it is once completed it will be so great an attraction for tourist traffic it will pay for itself.

Mr. BLACKMORE: The parliamentary assistant will have noticed that a large percentage of the Alaska highway, as it will be in its completed form, will be built through Alberta. This necessitates tremendous expenditures.

Mr. MacNICOL: Up to parallel 60.

Mr. BLACKMORE: This runs through a relatively sparsely settled area in Alberta. While we are discussing this matter, I would suggest that the parliamentary assistant should urge upon the minister to take under serious consideration the advisability of setting aside a government appropriation for Alberta, to assist the province in the building of this highway. There is no suggestion that the province would not ultimately build it, but perhaps, owing to scarcity of money, it might not be able to build it soon enough. Would the parliamentary assistant bring this matter to the attention of the minister?

Mr. LAPOINTE: I shall be pleased to do so.

Mr. HAZEN: I asked the minister for particulars about the purchase of property. He said he would get them. If the item is passed now, when shall I get those particulars.

Mr. LAPOINTE: When the estimates for the air services are before the committee.

Mr. HAZEN: This morning the hon. member for Lake Centre asked the minister to produce a letter from the commissioner of the Royal Canadian Mounted Police dealing with certain alleged wrongdoing in connection with the use of army rejection certificates. The minister said he would give the request consideration. He is not here this afternoon, and I should like to know when we shall get this information, if the item passes.

[Mr. MacNicol.]

Mr. LAPOINTE: The minister did say he was asking that the matter be looked into, in the files. He also said it might be necessary to refer to the district, if correspondence had taken place between the district and the mounted police. If there is any correspondence to table I shall gladly table it at the same time as I table any other information, when the air services are before the committee.

Mr. BROOKS: I have a question in connection with properties taken over by the department from private owners, which have now been turned back to War Assets Corporation, and which are now being resold by War Assets Corporation to the former owners. Many of these properties were used for training purposes in connection with bombing, and so on. I believe there were two or three around Sussex with which the parliamentary assistant will be familiar. They have been turned over to War Assets Corporation, and private citizens have made arrangements to buy them. But these arrangements have been held up for months, the difficulty being that the properties have to be decontaminated—I believe that is the term used. Are steps being taken to decontaminate the properties which have been turned over to War Assets? If not, can this work be speeded up, because I know a lot of men who want to get back on these properties are being held up?

Mr. LAPOINTE: The minute a property is declared surplus and it goes into the hands of War Assets our responsibility ceases, so to speak. The process followed by War Assets has absolutely nothing to do with us. In cases where a property was taken over, say, from a municipality, for use as a training ground without any buildings being erected, the property is remitted to the municipality without having to go through War Assets. But if there has been any construction it must go through War Assets.

Mr. BROOKS: The properties I have referred to are near Essex and they are made up of a number of farms which were taken over. These properties should be decontaminated before being handed over to War Assets, and I understand the difficulty is to get the Department of National Defence to do this work. The arrangements made by War Assets to sell these properties are held up because they are not decontaminated.

Mr. LAPOINTE: I will look into the matter right away.

Mr. HARKNESS: I should like to say a word about the supplying of equipment to the reserve army, particularly to those units using technical equipment. The minister

made a statement in connection with the supply of equipment to the reserve army of Canada, but, so far as I know, armoured regiments and SP artillery regiments in particular have received only small amounts of equipment in the way of tanks and SP guns. I am particularly familiar with an anti-tank regiment composed of four batteries. Each battery is supposed to have twelve guns, but so far they have been supplied only with two SP guns which, in my opinion, is not sufficient for training purposes.

I would request the department to be as generous as possible in the matter of supplying equipment to reserve units. They have a difficult time in attracting recruits and carrying on training under the best of circumstances. With the large amount of equipment left on our hands at the end of the war, I should think it would be readily possible to supply these reserve units with what they need in the way of tanks, SP guns, transport vehicles, signal equipment, signal vehicles and so on. I cannot emphasize too strongly the necessity of the department being generous to the reserve units in the matter of supplying equipment.

Item agreed to.

Mr. MACKENZIE: I move that the committee rise, report progress and ask leave to sit again this day.

Mr. MacNICOL: I should like to express my personal appreciation of the ability with which the young parliamentary assistant has carried out his duties. I was particularly pleased with the way in which he answered the capable inquiries from this side of the house. I was reminded of his brilliant father, and I said to myself that some day this young man would take his father's place in the seats of the mighty of this country.

Mr. LOW: We agree entirely with those remarks.

Progress reported.

LABOUR CONDITIONS

CANADIAN NATIONAL RAILWAYS—ANNOUNCEMENT OF WAGE AGREEMENTS

Hon. HUMPHREY MITCHELL (Minister of Labour): A report has just been received by telephone from Mr. F. W. Edge, director of labour relations, Canadian National Railways, that his negotiations with the presidents, vice presidents and general chairmen of the various labour organizations representing all the employees of the Canadian National Railways, the Ontario Northern Railway and all the subsidiaries of the Canadian National Railways, representing in all approximately 115,000 men, have been successful. At one o'clock to-day the president and executive vice-president of the Canadian National Railways, Mr. R. C. Vaughan and Mr. N. B. Walton, approved an agreement which had been entered into by Mr. Edge with the heads of the various organizations, calling for an increase in the case of maintenance of way men of eight cents per hour, and of all other organizations of ten cents per hour, effective June 1, 1946, and deferring consideration with respect to conditions until February 1, 1947. The only organization in connection with which the negotiations have not been concluded is the brotherhood of railway trainmen. These negotiations are being conducted separately, and it is expected that an agreement will be consummated in the near future.

The reason the maintenance of way men were offered and have agreed to a rate lower than other occupations is that they had a two cent adjustment in their wage rates in April, 1946. It is of interest to note that a number of the men are affiliated with the Canadian congress of labour, and the negotiations have been conducted on their behalf by Mr. A. R. Mosher, president of the Canadian brotherhood of railway employees and other transport workers. An application is being made by Mr. Edge on behalf of both the employees and the company to the national war labour board for approval.

Mr. COLDWELL: As I understand it, the eight cents is in addition to the two cents, bringing the total to ten cents?

Mr. MITCHELL: Yes. This is an indication of what I said last night, that common sense and conciliation are the real answer to the problem, not negotiations in this house or through the newspapers.

RADIO BROADCASTING ACT

CORPORATION TO RECEIVE LICENCE FEES—ADVANCES ON ACCOUNT OF CAPITAL EXPENDITURES

Mr. J. J. McCANN (Minister of National Revenue) moved the second reading of bill No. 391, to amend the Canadian Broadcasting Act, 1936.

Mr. DONALD M. FLEMING (Eglinton): Mr. Speaker, while this bill is short and may appear to some to be innocuous, I hope that in the discussion we shall realize the great importance of this measure. This bill contemplates the extension of the operations of the Canadian Broadcasting Corporation and it should be considered carefully before being

adopted, especially since that expansion, in part at least, is to be at the expense of certain private stations. The bill raises the whole question of the relationship between the Canadian Broadcasting Corporation and the private stations. It places at the disposal of the Canadian Broadcasting Corporation a blank cheque with which to carry on this great programme of expansion.

The bill embodies some of the recommendations contained in the report of the special committee on radio broadcasting which was tabled a few days ago. Three of the four sections of the bill deal with recommendations from that report. At the outset I should like to emphasize that the report was not unanimous. It represents the recommendations of the Liberal-C.C.F. majority on the committee, but it was opposed by the Progressive Conservative and Social Credit members.

The report recommends lavish commitments and carries a complete approval of everything the Canadian Broadcasting Corporation has ever done or proposes to do. In the second place, it proposes to be more than lavish in meeting all the requests of the Canadian Broadcasting Corporation. In the third place, it proposes, as the bill itself indicates, to be lavish with the money of the people of Canada in giving support to its programme.

Good work was done in the committee. A number of facts of the highest importance were brought before the public. The work of the committee was not done exhaustively, because there are certain things that should have been done and should have been treated in the report which were to some extent side-stepped both in the report and in the bill. Matters are also dealt with in the report which were not before the committee when it was taking evidence.

I have this criticism to make of the manner in which the committee proceeded. It put the cart before the horse. It heard a review from C.B.C. at the outset of its past administration. Then, without calling upon C.B.C. to outline its policy for the future, involving, as we eventually learned, the absorption of two major wave leangths now held by private companies in this country, it called upon the private companies to come forward and meet a case that had not yet been put before the two major wave lengths now held by private companies had been called upon to make their defence that C.B.C. was called upon to present its case. I say that was putting the cart before the horse. It put the private stations at a great disadvantage in not knowing adequately the case that they would be called upon later to meet. It also meant that we had some major recommendations from C.B.C., which have found their way into the report and into the bill, but which did not come before the committee until the very last minute. For that I do not put any blame whatever on the corporation, because I am satisfied that its officials would have liked to make their complete presentation at the beginning and proceed in an orderly fashion. I place the blame entirely on the majority of the committee.

There is in the report one recommendation which is unanimous, and that is that a radio committee should be appointed every year and meet early in the session. Since parliamentary committees began to study radio in 1932, radio committees have met in nine out of the fifteen years. When years passed without a committee, when the committee eventually did sit it found it had a great deal of work to cover.

The second part of that recommendation will, I hope, be given due weight. The committee which sat this year did not meet until the seventy-fifth day of the session. This has meant that much of the work of the committee was done in these recent days under pressure and that a bill which raises issues of vast importance to the people of Canada now comes before the house at the very end of the session when there is a disposition to hurry through to prorogation.

It has been the practice in recent years for reports from the radio committee not to be the subject of discussion in the house. The first two committees of 1932 and 1934 submitted their reports to the house and a motion for concurrence in them was made in each case, and adopted. That, I submit, is the proper practice. In 1936 the committee's report was not concurred in by motion, but was followed by the enactment of the present Canadian Broadcasting Act of that year. The committee reports of 1938, 1939, 1942 and 1943 were not followed by any discussion in the house. I think that was a mistake. The report of 1944 was followed by one slight amendment to the act. I wish to express my conviction that the whole question of radio broadcasting is of such importance that it ought to receive adequate debate in this house. It would be good for the public and parliament to have more light and more information by way of an accounting on the part of the Canadian Broadcasting Corporation and of the private stations of their operations. I think it can be said for C.B.C. that it would be glad to have more assistance from parliament. It has not had that assistance from parliament. There have been certain recom-

mendations from parliamentary committees, but the committees' reports have not for the last ten years been given the concurrence of the house. The committees' recommendations have not been endorsed by the house, let alone by parliament. I think that C.B.C. is entitled to have from parliament some clear direction as to policy.

This point I make in favour of the bill. It affords us at long last an opportunity to review C.B.C. policy, particularly in relation to the major expansion that is now proposed.

In saying what I have to say, I wish to make it clear that when I speak critically I am not speaking critically of any individuals. I am speaking of the system which is implicit in the statute and of the policy which has been followed in the light of reports of committees. So far as I personally am concerned, in the course of the meetings of the committee I formed a liking and no little esteem for the officials of the Canadian Broadcasting Corporation who appeared before us, and I want to make it clear that any criticism I have to make is a criticism of a system and not of individuals.

There have been reports—and perhaps when the minister speaks he will say a word about this—about lobbying which sought to exert pressure on the committee. I found such a suggestion contained, for instance, in a letter dated August 2, 1946, written by the secretary of the Ontario Federation of Agriculture to certain groups. It contains this paragraph, and there were many other letters of the same kind sent throughout the country, some of which came to the attention of the committee. The paragraph reads:

> Never before has there been so strong a lobby on behalf of the private radio interests. A great deal of money has been made by these interests, despite anything that may be said to the contrary, and they are not hesitant about laying out money. The lobbying that has been going on is terrific, with suites at the chateau and a good deal of entertainment. We have been told that those private interests concerned, who are supporters of the government, are making it uncomfortable for the government and leaders of the parties. This is the old game of pressure politics with selfish interests attempting to again wield their influence.

I do not know where the writer of that letter got his information, but I want to say for myself as a member of the committee that I attended twenty-six out of the twenty-eight meetings and I saw not one trace at any time of any lobbying in any way, shape or form. I hope that the minister when he speaks will be able to say the same thing on behalf of those who sit on that side of the house. I think that when the radio committee is set up next year an effort should be made to find the source of such utterly unfounded statements, because they are an unwarranted reflection on members of parliament who are seeking to do their best without paying any attention to any pressure. At no time did I see any sign of any pressure or any lobbying.

I have said that this bill calls upon us to see in perspective the policy that C.B.C. is following at the present time. I will review the history of recent years as rapidly as I can.

Parliament's concern with radio broadcasting really begins with the year 1929, when the Aird commission made its report to the then minister of marine, Hon. P. J. A. Cardin. That commission was composed of Sir John Aird, Mr. Charles A. Bowman, and Doctor Augustin Frigon, who is now general manager of the corporation. They recommended that a national company be formed, to be called the Canadian Radio Broadcasting Company, to own and operate all radio broadcasting stations in Canada. In other words, they recommended the complete nationalization of all means of broadcasting in Canada; they condemned direct advertising on the air, and recommended provincial control over programmes of stations within the provincial areas. No action was taken on that report until the year 1932, when a parliamentary committee was set up to review the whole situation. That committee made extensive recommendations which found their way into the Canadian Radio Broadcasting Act of that year. There are in that report two leading recommendations which I think are deserving of mention at this time:

> (b) That a nationally-owned system of radio broadcasting be instituted,—

I emphasize that.

> —and that all stations required for its proper organization be eventually acquired, same to be financed from the revenue accruing to the business of broadcasting, without expense to the taxpayers through the public treasury.
>
> (c) That all stations, 100 watt and under, not required for the national system, remain under private ownership, but be regulated as to programmes and advertising by the rules of the commission.

Whereas the Aird commission had recommended seven powerful stations of 50,000 watts each, one to be located in the maritimes, one in each of the other provinces, the 1932 committee recommended five 50,000 watt stations and a number of privately owned 100 watt stations.

When the Canadian Radio Broadcasting Act was enacted in 1932 certain safeguards were reserved to parliament which I think are of high importance. Section 9 of that act states that the commission shall have

power to carry on the business of broadcasting in Canada, and without restricting the generality of the foregoing, may:

(b) acquire existing private stations either by lease, or, subject to the approval of parliament, by purchase;

(c) subject to the approval of parliament, construct such new stations as may be required;

(g) subject to the approval of parliament, take over all broadcasting in Canada.

I emphasize those words, "subject to the approval of parliament," in reference to each of these powers.

Then we come to the 1934 committee, which included as recommendation No. 5 of its report:

That, pending the nationalization of all stations, greater cooperation should be established between privately owned stations and the commission.

Hon. members will see that still the underlying conception there is complete nationalization of all means of radio broadcasting in Canada.

The 1936 committee in its report included as its recommendation No. 7:

We reaffirm the principle of complete nationalization of radio broadcasting in Canada.

I point out that the report of 1936 was followed by the enactment of the present act, the Canadian Broadcasting Act of 1936, under which the Canadian Broadcasting corporation derives all its powers and functions to-day and that act was based on the recommendation of a committee which still contemplated the complete nationalization of all means of radio broadcasting in Canada.

Then we come to the 1938 report, and we find on page 194 this statement:

Your committee is of the opinion that while private stations will continue to serve a useful local purpose, the corporation urgently requires its own comprehensive facilities for distribution.

I ask you, Mr. Speaker, to give attention to the fact that here, in the 1938 report, some status is now accorded to the private stations, and here we have what I submit is the first departure in committee reports from the idea of complete nationalization; here we have the first recognition in a parliamentary report of a permanent role for private stations.

When we come to the next report, in the year 1939, we see emphasis is laid in the recommendations on the duty of the Canadian Broadcasting Corporation to coordinate both types of broadcasting; that is to say, national broadcasting over the Canadian Broadcasting Corporation and broadcasting over the private stations. It assumes that there is to be broadcasting from private stations to be coordinated with the national system. The only inference is that a permanent role is now contemplated for the private stations.

Then we come to the 1942 report, which is a major report, which reaffirmed many of the recommendations of earlier committees as follows:

(a) The paramount importance of a single national authority to control all broadcasting in the public interest; (1932)

(b) The public ownership of all high power stations under a national system of broadcasting, with low power stations individually operated or coordinated in relation to the dominant system; (1932)

(c) The coordination of all broadcasting in Canada through exclusive control being vested in the nationally-owned system of:—

(i) The character of all programmes, political or otherwise, broadcast by all stations and of the advertising content thereof; and

(ii) All wire-line networks used for carrying broadcast programmes. (1936)

The report of the committee in 1943 reaffirmed those recommendations. The reports of the committees in both those years, 1942 and 1943, had this to say, that they recognized that private stations were serving a useful function. No longer do we find any suggestion of complete nationalization of all stations and all means of broadcasting in Canada.

In the report of the committee for 1943 we have for the first time set out a submission of the Canadian Association of Broadcasters. It is done, it is true, without comment; but again there is the recognition that the private stations serve a useful function.

In the 1944 report the submission of the Canadian Association of Broadcasters, representing the great majority of the private stations, asking for "an impartial" body to regulate broadcasting, was set forth, and this time it was rejected.

In the 1946 committee's report we have this statement:

Your committee feels that it would be less than fair if it did not record its view that private stations are giving good community service.

Also:

We are of the opinion that private stations should be at all times encouraged and aided to improve their service to their respective communities.

Having reviewed that history from 1929 to 1946, important years and years of great development in broadcasting in Canada, I say that we have six principles on which, I think, all parties in this house will agree.

The first is that radio broadcasting, being carried over the public domain, must be publicly controlled. The second is that in the adminstration of public control the public interest is to be the supreme consideration. In

the third place, broadcasting is to be Canadian. The public system was designed, among other reasons, for the purpose of ensuring that there would be carried over a national network in Canada programmes which would be Canadian in their content, and that any national system would not be dominated by broadcasting from the United States. In the fourth place, broadcasting was to be designed to assist the development of Canadian talent. In the fifth place, the radio was to be recognized as an agency of education, not merely one of entertainment. In the sixth place, advertising was not to be permitted to mar programmes.

I say that these are principles on which, I think, all parties in this house will agree. I say also that there has been over these years an evolution and development in radio which has been characterized by these features. In the first place, there have been great technical advances, and advances also in the business of radio broadcasting. In the second place, it is recognized that we are now on the threshold of further great technical advances in radio. Frequency modulation and other discoveries open great vistas for the development of radio in Canada. In the third place, it is abundantly clear, and it is recognized, I submit, in these parliamentary reports to which I have referred, that the private stations have made a great contribution to radio broadcasting in Canada. They have established their right to a permanent role in our scheme of broadcasting in Canada; they have established their right to participate in the technical advances which lie before us; and they have established their value as competition for the Canadian Broadcasting Corporation; and as they develop they are entitled to fair play in that competitive role.

There were, according to the evidence submitted to the committee, to be found at page 165 of the proceedings, on June 6 of this year 103 private stations in Canada, having a strength ranging from 50 to 15,000 watts. Now, Mr. Speaker, obviously credit in measure is due to the enterprise of these stations themselves, which must have given public service to expand that way, and credit is also due for the opportunity given to them to develop under the policy of the Canadian Broadcasting Corporation, and also, I think, to the Department of Transport. I think it is clear that there has been an evolution in policy in the direction of permitting freer opportunity for the development of private stations. That has been all to the good, because I emphasize again that the 1936 act was written on the basis of the recommendations of a committee of parliament which affirmed the principle of complete nationalization, and to that extent we have moved some distance away from the principle of the 1936 act.

I come now to a different subject, one that has to do with the position of private companies in relation to their wave lengths or frequencies. Both the 1943 and the 1946 reports urged that private stations be encouraged to improve their service to the public. How will they do this? Under present legislation what tenure is offered to them of their frequencies? They enjoy an annual licence. Under the Radio Act of 1938 power is given the minister to determine the duration and character of the licence. Regulation 5 issued under that act provides that the licence shall in each case terminate on March 31 of each year; if you will read section 11, subsection 5 of the Broadcasting Act, you will see that there is no vested interest on the part of the licensee in his frequency, and in the event of the frequency being taken over by the Canadian Broadcasting Corporation, either by expropriation or otherwise, he has no right to compensation.

Two views can be taken of the tenure of wave length or frequency by private stations. The first is that if the licensee has given good public service he is entitled to a renewal of his licence; the other view is that he has no right whatever, and his licence, and the development of his service to the public under the licence, must be circumscribed by that doomsday which he faces all the time, the 31st day of March of the following year. When we are calling upon private stations to improve their service, I ask, what encouragement is given them if they are to have nothing but insecurity of tenure? If their claim to frequency hangs by such a thread that it may be taken away from them on the next March 31; if there is no assurance that in the event of their giving good service and behaving themselves and adhering to the regulations their licence will be extended, what hope is there for the development of good broadcasting over private stations? There is this sword of Damocles hanging over the head of everyone of these stations, under such circumstances, and if the 1946 committee means what it says in asking that encouragement be given by parliament, or by the Canadian Broadcasting Corporation, to the development of broadcasting over private stations, then a study must be made, without delay, of the question of tenure of wave length, subject to proper safeguards in the public interest, with respect to private stations. It is useless to expect them to develop their stations and expend large amounts of money on improve-

ments and giving better public service, as we wish them to do, if their tenure is to be so insecure.

My next point is that whatever confidence the private stations might have had in their tenure of frequency, subject to good behaviour, that confidence must have been greatly shaken by the series of actions of the corporation with reference to three wave lengths, 860, held by CFRB, (Toronto); 1010, CFCN, (Calgary) and 990, CKY, (Winnipeg).

I wish to refer to the North-American Regional broadcasting agreement signed at Havana in 1937, commonly known as the Havana agreement. It came into effect on January 30, 1941 and assigned to Canada six wave lengths known as Class 1-A channels. They are 690, which under the agreement is to be located in the province of Quebec, 740 in Ontario, 860 in Ontario, 990 in Manitoba, 1010 in Alberta and 1580 in Quebec. These frequencies, under the agreement, are to be developed to a strength of 50,000 watts. At the present time, and in fact during all these years, the Canadian Broadcasting Corporation has occupied three of these channels, being the three not held by the three private stations I have mentioned. It has developed its three 1-A frequencies to a strength of 50,000 watts, while the one held by CKY was 15,000 watts, and CFCN and CFRB, 10,000 watts each. The Havana agreement has been extended by an agreement entered into in Washington on February 25 of this year, so that Canada has until the meeting of the international conference in this country in September, 1947, to develop all these six channels to a strength of 50,000 watts.

One point that should be understood by every member is that there is no requirement under the Havana treaty that these lengths should be held by the Canadian Broadcasting Corporation. The corporation now proposes to take over these three wave lengths held by the three stations I have mentioned, and in so doing it is carrying out a matter of its own policy because it is not required to do so by the treaty. When the treaty came into effect in 1941 the Canadian Broadcasting Corporation was not in a position to take over these three wave lengths.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. FLEMING: Mr. Speaker, at six o'clock I was dealing with the intention of the Canadian Broadcasting Corporation to take over the wave lengths now possessed by stations CFRB in Toronto, CFCN in Calgary and CKY in Winnipeg, the first two of which have a power of 10,000 watts and the third of which has a power of 15,000 watts. CKY is actually owned by the government of Manitoba, which has not entered any objection to the assumption of its wave length by the Canadian Broadcasting Corporation, so that the matter at issue narrows down to whether the Canadian Broadcasting Corporation shall take over the wave lengths now possessed by stations CFRB and CFCN.

Before the six o'clock recess, I had mentioned that the Canadian Broadcasting Corporation now takes the position that in 1941, when the Havana treaty came into effect, it was not in a position to occupy these three channels and, therefore, assigned them to these stations. This was done, first by a wire dated February 4, 1941, and then by a confirming letter, dated February 10, 1941, which will be found at pages 648 and 649 of the evidence before the 1946 committee. There is not one word in either the wire or the confirming letter, or in any subsequent correspondence with these stations to the end of 1945, suggesting that these channels were being assigned only for a temporary purpose, or for the duration of the war, or until the Canadian Broadcasting Corporation could obtain equipment and proceed with its expansion. There is no suggestion of that; the communications simply announce the assignment of these wave lengths to these companies. In the autumn of 1945 the licensees in question were told that the matter was under review, and were invited to attend a meeting of the Canadian Broadcasting Corporation at which this matter was discussed. The first official notification to them was by letter dated April 18, 1946, that next spring their channels are to be taken over by the Canadian Broadcasting Corporation.

There is a conflict of evidence as between the officials of the Canadian Broadcasting Corporation on the one hand and the officials of these stations on the other, as to certain facts in regard to the notice, if any, implied or otherwise, which these companies are said to have had as to the policy of the Canadian Broadcasting Corporation in reference to the assumption of these class 1-A channels. On the one hand, these licensees say they had no knowledge of any policy under which it was the intention of the Canadian Broadcasting Corporation to take their channels. They say they thought they were secure in those channels, subject to giving good public service; that they developed their wave lengths on that basis, expended money to develop them,

and that if they were to be dispossessed it would have been far better for them if they had not been assigned these channels in 1941, because the spectrum is so full now—more than it was in 1941—that they would have had a better choice of alternative channels in 1941 than it is possible for them to have today. Moreover, the alternative wave lengths now offered to them by the Canadian Broadcasting Corporation are admittedly not as good as those they now enjoy. In the case of CFRB it is proposed that they go to the end of the dial, at 1550, which is described among technical radio people as "the graveyard" of the dial. Then, in the case of CFRB it means an expenditure of some $300,000 for simply moving their broadcasting facilities to the point where they must move now, near Niagara, away from Aurora, outside Toronto, where they are now, according to the statement made to the committee by the general manager of CFRB. It means, also, that CBC, which has been a competitor of CFRB in the great metropolitan area of central Ontario, will move into the space where its competitor formerly did business. It means it will have open to it all the listener contacts and a first-class opportunity to obtain the commercial contacts and Columbia network heretofore enjoyed by CFRB. It means also for both CFRB and CFCN a smaller listener-coverage under the proposed new wave lengths.

It is admitted on all sides that these stations have a good record of public service in all respects. I am not going to take time to enumerate their record; it was demonstrated that these stations had an enviable record of public service. As to ownership, in the case of CFCN there is a proposal for a wide diffusion of ownership among farm organizations in the province of Alberta. CFRB is owned by the Rogers Radio Broadcasting Company, and not more than ten per cent of the stock of that company is in the hands of any one person; it is widely diffused. Both these licensees were pioneers in radio; both took very hard knocks in the days when it was difficult for radio broadcasting companies to survive; and having survived and built up their stations, they are to have their wave lengths taken away from them.

I want to be fair to all parties. On the other hand, the Canadian Broadcasting Corporation say it was always their policy to take over all these class 1-A channels under the Havana treaty. They say the policy was always known and the execution or fufilment of the policy was simply delayed because, owing to war conditions, they could not obtain equipment to proceed with their plans. They refer to an endorsement put on the licences of these three licensees, beginning in 1941. I pause there to say that the endorsement did nothing more than call attention to one of the regulations under the act, which simply provides, as I intimated earlier, that the assignment of a channel is effective only until March 31 of the following year. That endorsement did not tell these licensees that it was the policy of C.B.C. to assume their channels. The reference to the regulation was a reference to a regulation which is the law for every station in the Dominion of Canada. It was not peculiar in any respect to these three stations. I was surprised to hear an official of the Department of Transport rely on that, as an alleged notice to these licensees, that it was the policy of the C.B.C. to take their frequencies when it suited the C.B.C. to do so. The endorsement was suggested by the Controller of Radio in the Department of Transport in a letter dated April 30, 1941. It was approved on behalf of the C.B.C. in a letter which we were told in evidence was not approved by the board of the C.B.C., but was simply written by the executive assistant to the then general manager. There was very clear understanding between the Department of Transport on the one hand and the Canadian Broadcasting Corporation on the other. The correspondence shows clearly that they understood at the time that it was settled policy to take those channels when it suited the C.B.C. to do so. They took the utmost care to make it a matter of record in the correspondence exchanged beween the Department of Transport and the C.B.C. That is as plain as the nose on one's face; but for some reason or another, it did not occur to anybody to put so much as a phrase in a letter addressed to these three licensees to indicate that this was the policy of the department.

Mr. REID: Are you in favour of newspapers controlling radio?

Mr. FLEMING: The matter of newspapers controlling radio does not enter into the present debate. It does not appear in the report, and was not discussed before the committee. When the committee came to write its report, and in the steering committee, there was a discussion of it, and it was agreed by all that, since we had not made a study of it we should not make a recommendation in the report concerning it, but that it should be studied by a radio committee next year.

Mr. REID: It should be sent back, and there should be a report on it, because I am against newspapers owning radios.

Mr. FLEMING: The hon. member may express his views if he wishes. However, I

am pointing out that the subject was not discussed in the radio committee, and that it was the view of the members of the committee that it ought to be discussed next year.

The majority in the committee—the Liberal-C.C.F. majority in the committee—have undertaken to say that they think the licensees in stations CFRB and CFCN knew that was the policy. I have indicated that there is direct conflict in the testimony in that respect, and that there is not a word on record in the matter until the end of 1945 to tell these licensees that that was the policy.

In the meantime they have served the interests of the C.B.C., because they have held those channels for Canada, under the Havana treaty; and now that they have occupied those channels and served their purpose, they are being told to vacate; they have served the purpose of C.B.C.

I draw certain deductions from this course of events. In the first place, I say that, while the legal right on the part of the C.B.C. and the government may be clear, nevertheless they have exercised their right in this situation most unfairly. The treatment they have dealt out to these licencees is, in my opinion, most unjust, and there is no excuse whatsoever for the failure of the government and the C.B.C. to put these licensees clearly in a position where they knew what the policy was, that they were only the temporary caretakers of those channels.

But more important the private licensee is the public interest, and I say the public interest will suffer. It suffers because, in the first place, there has been no consideration given in this situation to the listener. This station CFRB is the most popular station—the tests which have been taken show it—in the metropolitan area of central Ontario. Listener interest has not been consulted in the present instance. All that has mattered is the policy of the C.B.C. I make this point distinctly, because I think there was confusion in the minds of the committee on the point: the public interest and the interest of C.B.C. expansion are not the same thing, and they ought not to be confused. In this case I think public interest is not being served by the policy which the C.B.C. proposes to put into effect.

I should like to draw the attention of the house to the fact that in the 1939 committee report recommendation No. 11 states:

> Certain of the corporation's policies affecting the public generally have not been sufficiently made known, resulting in misunderstanding and inconvenience. Your committee approves of the corporation's intention to make such policies known more fully and widely in the future. While recognizing the rapidly changing and developing character of the enterprise the committee wishes to stress the need of duly publicizing policy decisions of this kind.

[Mr. Fleming.]

Why was that not done? Here is a policy which has not been properly made known, and which not only is causing misunderstanding and inconvenience, but actually is going to cause substantial damage to licensees, and going to cause a great loss on the part of the public, in radio service of the kind they want.

In the next place, I say this proposal on the part of the C.B.C. is a long step toward monopoly, because it has the effect of eliminating the biggest competitors C.B.C. faces in point of radio listener interest and wide diffusion of good programmes among audiences.

The next point is this: it means another major step toward the centralization of radio broadcasting. It means the loss of local interest to Albertans in the case of CFCN. In Toronto there already is a 50,000-watt C.B.C. station, namely CBL, which is one of the stations on the trans-Canada network. Another C.B.C. station, namely CJCB, is to take over the wave length of CFRB, and build it up to a strength of 50,000 watts, so that it will be the foundation for the second national network which is called the dominion network. There you have two powerful C.B.C. stations, each of 50,000 watts, in the one city.

That leads me to my next point, the fact that the C.B.C. is proceeding with the building up of a second national network. I submit that when the 1936 broadcasting act was written, giving to C.B.C. the power to build up a national system of broadcasting in Canada, it was the intention that there should be one good dominion-wide network, one coast-to-coast network which would reach even to the most remote areas. That is recognized in the report of the 1946 committee, that it is the duty of the C.B.C. to reach the remotest areas, so that all the people of Canada may have the benefit of a national network. To-day ninety-four per cent of the people of Canada are within reach of the Trans-Canada network, with the assistance of private stations, on a national hook-up.

The building of a second national network simply means that an alternative network is offering an alternative programme to the same people as the Trans-Canada. It is being done in this instance at the expense of these two stations. The CFRB wave length is to go on the Dominion network and CFCN on the Trans-Canada.

I submit that that is what is involved in this bill before us. The principle of the bill is that it enables the C.B.C. to carry out its expansion, to set up a second national network

to parallel the existing network and to do so at the expense of two most important private stations, leading competitors of the C.B.C., and by taking away from listeners in Alberta and in central Ontario the programmes to which they have been accustomed.

That leads me to the next point. I wish to draw the attention of the house to the wide powers possessed by the C.B.C., and to the tendency inherent in expansion. The second hook-up means expansion in the national system, and it could mean something more, if this continued expansion is pursued. I say that inherent in that degree of expansion there are grave dangers. There is the danger of centralization, too much centralization, and there is the danger of monopoly in broadcasting. And inherent in this bill are more monopoly and more centralization.

The report of the 1946 committee emphasizes the powerful influence of radio in moulding thought. At page 7 of the report we have this:

> It must be recognized that the national network now under control of the C.B.C. is a powerful medium for the dissemination of information and the moulding of public opinion.

The 1943 report, at page 259, said this in a time of war:

> In addition, radio has become one of the most subtle intelligence instruments of modern warfare. In short, radio has become one of the major instruments of the state.

That was written in a time of war, with reference to wartime conditions, but it points to what in a time of peace can become a serious danger, when radio is used as an instrument of the state.

I should like to draw the attention of the house to an editorial which appeared in *The Economist*, of London, England, published on June 20, 1946. May I preface what I shall read from the editorial by saying this, that there are some in this country—the C.C.F. party, for instance, with its emphasis on state monopoly—who would not be at all averse to seeing the British system introduced in this country, with complete state monopoly. I have already pointed out that that was the idea behind the committee reports of earlier years. Here is what *The Economist* says about the British system:

> Though dullness is the BBC's most obtrusive fault, it is of quite minor importance compared with the long-term political dangers of a broadcasting monopoly. It is almost incredible that any democratic country should have allowed itself, through a series of accidents, to create a monopoly of the greatest means of influencing public opinion since the invention of printing. Quite possibly, with the growth of television, broadcasting will in future be even more important than the printed word.

Let us heed a warning of that kind while there is yet time.

Let no one think the private broadcasting companies and the national system are not in competition to some extent with each other. There will be found in the report of the 1946 committee a suggestion that the two fields are distinct, that is, the field of national broadcasting on the one hand, and the field of community broadcasting by local stations on the other. But that is not what the evidence before the committee disclosed. The evidence before the committee was to the effect that C.B.C. on the one hand and the private stations on the other are in direct competition with each other for audiences, for commercial revenue and for programme talent. That evidence was given in strong terms before the committee by the representatives of the private stations, and it was admitted by both Doctor Frigon and Mr. Dunton, who said that to some extent there was competition.

The chairman of the C.B.C. agreed with me that it had been helpful to C.B.C. to have that competition. He agreed it had helped to keep C.B.C. on its toes, that it had a healthy effect on C.B.C. I predict that if C.B.C. is allowed to remove from the field two of its largest competitors—for this kind of competition to C.B.C. is naturally the most acute in the large metropolitan areas where the more powerful stations are located—it is not going to be good for C.B.C. That additional monopolistic power will in the long run prove to be unhealthy for C.B.C.

Under the present statute the Canadian Broadcasting Corporation has two chief functions. On the one hand, it is the operator of a national system of broadcasting and, on the other, it is the regulator of all broadcasting in Canada. If you will examine sections 8, 22 and 24 of the Broadcasting Act you will see where the widest possible powers have been given to the C.B.C. to regulate other stations. I shall not take up the time of the house to go over those now, but I emphasize that they give almost unlimited powers to the C.B.C. to control broadcasting by others in Canada.

The private stations came before the committee through their association, the Canadian Association of Broadcasters. One sentence in their submission summed up their point of view in this regard. This sentence was:

> We submit that no government with any claim to being democratic combines in one body the legislative, executive, judicial and police powers.

That is just the situation which exists here. This exclusive power is given to the C.B.C. to regulate all other stations. It makes all the determinations and there is no right of appeal from any decision. A private station operator goes before the C.B.C. when a question of discipline or a matter in dispute arises —of course the meetings are not open to the public—he makes his submission; he comes away, and the C.B.C. gives its decision. That is final and there is no appeal.

Please understand me. I am not for one minute suggesting that any member of the board of governors of the Canadian Broadcasting Corporation would be a party to any deliberately unfair decision. I would not suggest such a thing, but I do suggest that any such set-up has an inherent weakness. It cannot help but create a sense of rankling injustice when persons have no appeal from C.B.C.'s decisions. In innumerable instances men are bound to go away feeling that they have not been justly dealt with when they have not been permitted to carry an appeal to some further body.

I ask the house to consider the analogy of our transportation systems. We have two national railway systems in Canada, the Canadian Pacific, a privately owned company, and the Canadian National which is publicly owned. Then we have an independent semi-judicial body in the Board of Transport Commissioners for Canada in which is vested the power to regulate both systems, the privately owned and the publicly owned. That board has established its worth and no one challenges its position in the field of railway transport.

Consider air transport. We have in the Dominion of Canada one national transcontinental system, the publicly owned Trans-Canada Air Lines. Then we have another privately owned line, Canadian Pacific Air Lines, with a number of routes in different parts of the country. We do not think of putting Canadian Pacific Air Lines under the regulatory powers of Trans-Canada Air Lines any more than we would think of vesting the regulatory powers of the board of transport commissioners in the Canadian National to regulate and control its competitor. In the case of our air transportation systems we have set up an independent body, the air transport board, to carry on this work of regulation. The time has come—

Mr. SPEAKER: I am sorry to inform the hon. member, but he has spoken for over forty minutes.

Mr. FLEMING: May I have just five minutes?

[Mr. Fleming.]

Mr. COLDWELL: May I be permitted to say a word?

Mr. FLEMING: May I have five minutes?

Mr. COLDWELL: The hon. member has spoken now for nearly an hour. I do not think Mr. Speaker has been watching the clock. I have no objection to the hon. member having five minutes, provided that it is five minutes.

Mr. SPEAKER: Is it the pleasure of the house that the hon. member shall have five minutes?

Some hon. MEMBERS: Agreed.

Mr. SPEAKER: With unanimous consent.

Mr. FLEMING: I thank the house. I have not spoken for an hour and I shall finish in less than five minutes. I feel that the time has come, with this healthy growth in private broadcasting in Canada—there are 103 stations —on the one hand, and with the national system on the other, when a separate public board should be set up possessing regulatory powers now enjoyed by C.B.C. Then C.B.C. would continue to operate the national system of broadcasting, but this separate body would have full powers of regulation of all broadcasting in Canada. It would all be in the public interest because there would be no question of favouring one as against another. It would ensure that the reins would be evenly held as between the private companies and the national system.

This is my concluding remark. This is going to cost money; this programme of expansion is going to cost money. This bill is asking that power be granted to the governor in council without further reference to parliament to advance to the Canadian Broadcasting Corporation up to $10,000,000 for capital works.

Mr. McCANN: You evidently have not read it.

Mr. FLEMING: There is this one limitation, that for the next fiscal year there shall not be more than $2,000,000 expended. That is a blank cheque, and I say that is unsound legislation. But the more serious feature is that if the house passes this bill its action will undoubtedly be construed as giving full approval to the programme of expansion which was described to the committee by the C.B.C. I say that in that course there is the inherent danger of monopoly and the danger of increased centralization. I do not think anyone can contemplate those dangers with equanimity. The danger establishes the necessity of setting up an independent regulatory board before this programme of expansion is proceeded with.

Under the bill the licence fees are to be supplemented at the expense of the taxpayers to the extent of over $500,000 a year, because now the taxpayer is to be asked to bear the cost of collecting and administering the fee. Even though this bill passes; even though this programme of expansion be thus approved and the moneys made available by the governor in council without further reference to parliament, I predict that in the long run it will be found that no favour has been done to the Canadian Broadcasting Corporation and in the long run it will suffer from withdrawal of competition which has been healthy for it. The public interest, I submit, will be in grave danger of abuse of the monopoly of a powerful instrument for influencing the public mind, capable of sowing the seeds of totalitarianism.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I have been a member of the various radio committees of this house which have sat since 1940, and I have enjoyed working on them both because of the attitude of the chairman of those committees and the general free and open discussion which took place in the committee meetings. This year has been no exception, and I want to record my appreciation both of the manner in which the members of the committee conducted the inquiry and of the chairman under whom we sat, both the chairman himself, the hon. member for Winnipeg South Centre (Mr. Maybank) and the vice-chairman who sometimes substituted for him, the hon. member for Vaudreuil-Soulanges (Mr. Beaudoin).

The hon. member who has just taken his seat (Mr. Fleming) outlined in the early part of his address some of the early history of the C.B.C. and what the house had in mind at the time the first broadcasting commission was set up after the Aird report. The Right Hon. R. B. Bennett, as hon. gentlemen will remember, was then prime minister, and in foreshadowing the act of 1932 he moved a resolution which will be found at page 2980 of *Hansard* of May 16, 1932. It was moved by Mr. Bennett that the house go into committee to consider the following proposed resolution, and I would urge hon. members to look at the wording of it:

> Resolved, that it is expedient to bring in a measure to provide for the constitution of a commission to be known as the Canadian Radio Broadcasting Commission, for the purpose of acquiring, operating, regulating and controlling radio broadcasting in Canada.

That, in effect, was the genesis of our present radio system. The house approved that resolution and a bill based upon it was subsequently passed. Mr. Bennett at the time reminded the house of this:

> The use of the air, or the air itself, whatever you may please to call it, that lies over the soil or land of Canada is a natural resource over which we have complete jurisdiction under the recent decision of the privy council. I believe that there is no government in Canada that does not regret to-day that it has parted with some of these natural resources for considerations wholly inadequate and on terms that do not reflect the principle under which the crown holds the natural resources in trust for all the people.

Because of the regret that governments in the past had alienated property which was the common property of the people of Canada, the government of that day, not only the prime minister but the opposition, now the government of Canada, approved the legislation setting up the commission. I was here in 1936 when the broadcasting act as we have it to-day was introduced and passed in this house, and I remember the discussion very well. I looked up the record not long ago, and I find that from all sides of the house there was approval of the establishment of a corporation which would exercise the powers that were outlined in the original resolution to which I referred a few moments ago. Again at that time the present Minister of Reconstruction and Supply (Mr. Howe), then minister of transport, and in charge of the bill, had this to say as reported at page 3712 of *Hansard:*

> The aim of broadcasting should be a complete coverage by government facilities and the present situation demands complete control over all forms of broadcasting whether public or private. These conditions are being maintained in the present bill.

There we have a statement confirming the original intention in setting up a publicly owned system. In view of all that is happening to-day, in view of I will not say lobbying because that might not be true, but in view of the tremendous press campaign that has gone on across Canada in the last year to limit the power of the present broadcasting corporation, it is interesting to note that the leader of the Conservative party warned the house that that might happen. At page 3710 of *Hansard* of June 15, 1936, he said:

> At the moment we have secured the ownershp of this facility, or utility, or whatever you may call it, in the people of Canada, and we have ensured it against destruction by private interests, but the private interests have been very vigilant. They have been watchful of their own interests and have determined that if it is within their power, this facility is not to function as a public enterprise. They have determined fairly and legitimately, so far as that is concerned, to destroy this publicly owned facility. Their idea is that it should be in the hands of private enterprise.

That is the summation of the argument that we have heard in the press in recent months.

Mr. SMITH (Calgary West): Nonsense.

Mr. COLDWELL: The hon. member for Eglinton read a paragraph from the London *Economist,* criticizing the British broadcasting system. I have not brought with me and have not under my hand at the moment the report of the federal communications commission regarding broadcasting in the United States.

Mr. SMITH (Calgary West): I can give it to you.

Mr. COLDWELL: I am glad to know that the hon. gentleman has read it. I think every member should read it in order to realize the extent to which, in the United States, private interests have monopolized the air to the detriment of the public. Our system is a compromise between the British and the United States systems. We are not in favour, as the hon. member for Eglinton said we were, of a state monopoly owning and operating all radio stations in Canada. I believe that as long as the community stations are really community stations, serving the communities in which they operate, they perform a useful function and should not be interfered with. But I say this, that in the interests of freedom of thought and freedom of discussion we should own and operate the great national system which we have built up in this country and see to it that every part of this country is covered by it. That is the reason why we give our support to the recommendation in the report that the broadcasting corporation should complete its coverage and occupy the high-powered channels which were allotted to this country under the Havana agreement.

There has been a great deal of discussion as to the alleged injustice of taking over the wave lengths occupied by CFRB and CFCN. Let me point out that we are not taking over the stations. These radio stations can still operate, and they can operate on wave lengths which, to a large measure, they may choose themselves as far as wave lengths are available. But it was always understood—the present Minister of Reconstruction and Supply at Moncton in 1937 made it perfectly clear—that it was the policy of the government of Canada and of the broadcasting corporation to occupy the high-powered channels if and when they became available, and they became available when the Havana treaty was signed in 1941. A great deal has been made of the fact that these gentlemen claim—the fact is that they claim, the house will note—that they did not know when they took over these wave lengths and occupied them that their occupancy might be temporary. I do not want to doubt their word too strongly, but to me it is inconceivable that gentlemen who were following the broadcasting situation in this country, and whose counsel in one instance, the brother of the manager of CFRB, was in fairly constant attendance at the committee meetings, did not understand clearly what the tenure of these stations really was. I am not going to put the whole extract on the record: but in 1942, a few months after these wave lengths had been allotted to these two stations, I was disturbed because that allotment had been made, and when the committee of 1942 was set up one of the things I was most anxious to find out was what the understanding was regarding these wave lengths. If you will turn to page 732 of the transcript of evidence of the present committee you will find that on that and the following page is quoted the examination I made of Doctor Frigon, recorded at page 333 of the proceedings of the committee of 1942, and that clearly indicated that Doctor Frigon at that time stated to the committee in the clearest possible terms that it was the intention of the corporation to occupy these wave lengths. I asked this question at the conclusion of the examination: "There is no possibility of any misunderstanding that these stations have a vested interest in those channels?" The answer was "No". I repeated it because I wanted to be abundantly sure; I said "None whatever?" And the answer was "No". "So that they can be reviewed—"

Mr. FLEMING: "Renewed".

Mr. COLDWELL: "So that they can be reviewed at any time that the corporation needs those channels?" And the answer was. "They can be turned over to the C.B.C." "For its own purposes?" "Yes." I notice somebody said "renewed". The word I used was not "renewed"; it was "reviewed". It is a misprint in this report, and it may have been in the original—I do not know, but obviously the word I used was "reviewed." "Renewed" would not make sense.

Mr. REID: What page is the hon. member reading from?

Mr. COLDWELL: I am reading from page 733 of the transcript of evidence.

May I just say that I am convinced that right from the very beginning the occupants of wave lengths in this country knew that the occupancy was not permanent, and that whenever the national system required those wave lengths for the completion of the national system of broadcasting they would be taken over and, if they behaved themselves, another frequency would be provided for them.

Mr. BLACKMORE: Have they behaved themselves?

Mr. COLDWELL: They have behaved themselves. I am not complaining of the service these two stations, CFCN and CFRB, have given, although I would point out that I do not think CFRB, particularly, has given the community service which was expected of it. I want to add this, that I hope the broadcasting corporation will make arrangements to complete the coverage by the national system thoroughly in this country. This year—and I agree in this respect with the hon. member for Eglinton—we did not have time to go into all the matters that we should have gone into as a committee. We began a bit too late—

Mr. FLEMING: Much too late.

Mr. COLDWELL: —and another year, I hope, we shall begin early in the session. But one of the matters which I think the next committee should go into is the completion of coverage in this country by the national system. We have quite an important area in this province of Ontario which is inadequately covered by the national system. I refer to the Windsor area. There is CKLW in Windsor; but it is not a Canadian station, it is on Canadian soil, but it is advertised in all the publications in the United States as "CKLW, Detroit", and caters mainly to the United States advertising trade. I think one of the things the people of Windsor expect, and should expect, is that if they pay a licence fee for the purpose of getting broadcasting service they are entitled to that service, and the corporation should consider ways and means of giving that area Canadian coverage and Canadian service through a Canadian station.

Another matter into which we could not go this year and which should be gone into another year is this question of multiple ownership, ownership or operation of a number of stations by one group. I agree completely with the hon. member for New Westminster (Mr. Reid), and I raised the question at the end of the inquiry, that it is a danger to the state and to the people of the country when newspapers own radio stations. We have some good publishers in Canada; I am not criticizing them; some publishers who are fine Canadians and honourable people. But it is an unhealthy situation when, as in my own province and the neighbouring province of Manitoba, you have this situation, and I placed it on the record. You have the Messrs. Sifton owning the Winnipeg *Free Press,* the *Free Press Prairie Farmer,* which has a very large circulation all over western Canada, and two radio stations, one standard band and the other short wave in the city of Winnipeg. You move into Saskatchewan, and the two dominant papers in that province, the Regina *Leader-Post* and the Saskatoon *Star-Phoenix,* together with a widely circulated farm paper, the Saskatchewan *Farmer,* are also owned by Messrs. Sifton, and two radio stations in that province, CKCK and CKRM, both owned by the same people. It may be said that these stations are giving good services to their communities. I will not dispute that. But the present owners of these newspapers and of these stations may pass away. Into whose hands may they go? We do not know. I believe it is an unhealthy situation to have radio and press owned by the same group of people, and in my opinion that is one of the factors which should be considered by the committee when it sits next year.

Mr. FULTON: Why is it unhealthy?

Mr. COLDWELL: Another matter into which we could not go this year because of lack of time was the ownership of stations by provincial governments. The Manitoba government at the present moment owns two radio stations, CKY and, I believe, CKX at Brandon. I understand that these two stations are as one in the arrangement that the Manitoba government is making for the taking over of CKY and CKX.

Mr. SMITH (Calgary West): It is arranged now.

Mr. COLDWELL: I do not know whether it is arranged. I have no proof and all I want to talk about is that of which I know. These two stations, I believe, are to be taken over. In Saskatchewan, where there is a monopoly of newspaper and radio service, which I regard as dangerous, the government has applied for permission to operate a station. That has been refused. I am not going to discuss to-night the question whether the grounds on which the refusal is based are good or bad. I know there is an argument that it is difficult for a crown corporation like C.B.C. to regulate a crown corporation set up by a junior government. I can see there are difficulties.

Mr. SMITH (Calgary West): Alberta was refused too.

Mr. COLDWELL: I wish my hon. friend would let me make my speech.

Mr. SMITH (Calgary West): I am sorry. I thought I was being helpful.

Mr. COLDWELL: You are not a bit of help to me.

Mr. SMITH (Calgary West): I am awfully sorry.

Mr. ROWE: You do not like interruptions, do you?

Mr. COLDWELL: The hon. gentleman says I do not like interruptions.

Mr. SMITH (Calgary West): May I beg your pardon and add that I will not interrupt again.

Mr. COLDWELL: Let me tell the hon. member for Dufferin-Simcoe that those who know me in the house know that I do not mind interruptions, but the hon. gentleman is so seldom in his seat that he does not know what happens in the house.

Mr. ROWE: Tell us how you would like it if the government owned them all.

Mr. COLDWELL: You tell them that; you go ahead.

Mr. ROWE: I know your policy.

Mr. COLDWELL: What I was saying was this, that if a newspaper or a group of newspapers is entitled to own radio stations, then a provincial government has a right to own and operate such stations.

Mr. SMITH (Calgary West): Hear, hear.

Mr. COLDWELL: If we admit the one we should admit the other.

Mr. FULTON: I thought you said that in one case it was a bad principle. Which is which? You said it was a bad thing for newspapers to own radio stations. Is it not then a bad thing for provincial governments to own radio stations? You said it was unhealthy.

Mr. COLDWELL: I said I would not discuss the question whether it was good or bad—

Mr. FULTON: You said it was a bad thing for newspapers to own them.

Mr. COLDWELL: What I said was that I would not discuss to-night the question whether it was good or bad, but I expressed the opinion that newspaper ownership of radio stations was unhealthy. I said, however, that if newspapers are to be permitted to own radio stations, then there is no reason why provincial governments should not also own them.

Mr. SPEAKER: Order. May I impress upon the house the importance of observing the rule that an hon. member who has the floor must not be interrupted without his permission, and those who wish to interrupt him should rise and ask that permission.

[Mr. Coldwell.]

Mr. COLDWELL: Thank you, Mr. Speaker. I have no objection to having an intelligent question asked me and, if the hon. member for Dufferin-Simcoe can ask an intelligent question, I shall be pleased to answer it.

Mr. MACKENZIE: Why strain the situation?

Mr. COLDWELL: But I object to the continuous growl from this hon. gentleman to my right.

Mr. ROWE: You love me just about as much as I love you. That is obvious.

Mr. COLDWELL: What I was going to say was that my hon. friends, who seem today so much interested in supporting private interests in regard to radio stations, were the very ones who, when they were in power, laid the foundations of the present broadcasting system.

Mr. ROWE: And you followed diligently.

Mr. COLDWELL: My hon. friend apparently cannot keep his tongue still to-night. I do not know what the reason is. If we are to have a national system of broadcasting operated in the interests of the people, to which all points of view shall have access, then I suggest that the only type of radio coverage which will be satisfactory to all the people will be a radio system which is in the hands of the representatives of the people. That is the point of view I hold.

Mr. ROWE: Government-owned and government-dominated.

Mr. COLDWELL: I want now to say something about some of the good things that the radio corporation has done in this respect. I think the chairman of the committee has received some of the letters that have come to me—I have sent them to him—and he probably received a good many letters from farm and other groups across the country supporting the farm forum, which has been a feature of the radio corporation's activities for a number of years. That has been greatly appreciated. A few years ago we had a similar forum in connection with labour, but that was discontinued a year or so ago. I regret that it was discontinued because it was doing a very fine work and giving an opportunity for the expression of diverse views in the field of labour. I should like to see that farm forum continued. I should like to see continued the citizens' forum and the labour forum, and another form of forum added in which the employers, the manufacturers if you like, could discuss the problems

of the country from their point of view so that we might have all points of view placed before the Canadian people. I know it is very difficult to get such a forum organized. Better still, we might extend the forum idea so as to have a discussion of the various points of view held in the country, such a discussion to be carried on by those who represent the people. We all appreciate the report to the nation when we get the political parties giving their points of view as parties, but I believe it would be very much better if the representatives of the political parties were brought into one forum to discuss a common problem on the forum principle before the people of Canada. That would be a useful thing.

Mr. LOW: They would have to tell the truth then.

Mr. COLDWELL: Yes. They could not vilify any particular race or creed, or set up a lot of straw men in order to knock them over, or do the various types of things they can do when they are on the air alone.

Mr. MACKENZIE: Does my hon. friend mean during elections?

Mr. COLDWELL: Yes, I would do it during elections; I would do it at any time. I think it is a good plan to have matters discussed in that way.

Mr. MACKENZIE: We would sweep the country.

Mr. COLDWELL: I do not know that there is a great deal more I want to say, except that we are supporting the report of the committee. As I indicated, there are some matters I should like to see covered in that report which are not covered. I think the officials of the corporation are protecting the interests of the Canadian people and are doing a good job. When I look back over the number of years I have been interested in broadcasting I realize that in many people whom I know, in my own circle of friends and my own family, the appreciation of good music has increased because of the good music we get over the radio. Many of the musical programmes of the C.B.C. are of a very high order, particularly when we consider that the amount of money at the disposal of the C.B.C. is very small indeed when compared with other radio organizations. As a matter of fact, the bulk of the radio revenue in this country does not go to the Canadian Broadcasting Corporation; to a very large extent it goes to the private interests of this country.

Mr. SMITH (Calgary West): Why not; they are in competition.

Mr. COLDWELL: All I want to say is that, as far as we are concerned, we hope the house will approve the bill now before us and give the Canadian Broadcasting Corporation, set up originally by one government and modified but carried on by another government of a different sort, an opportunity to perform the functions for Canada that forward-looking and progressive people believe it can perform.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I should like to take this opportunity, on behalf of the different branches of the Christian church all over Canada, to thank the radio management or the minister, or whoever is responsible for the free service we get over the air every day of the week—

Mr. SMITH (Calgary West): It is the private broadcasting stations which do that.

Mr. McIVOR: —and double service on Sunday. It is a very fine thing that when a man sits down to breakfast in the morning he can listen to a voice coming over the radio from one who knows what he is talking about, telling him of a way of life that is second to none; telling him that he will have problems that day and that if he wants a partner to help him he may have that partner who knows no weakness and no foolishness. At the head of the lakes we have a service every morning, six days a week, free; then on Sunday afternoon we have double service all over Canada. We hear many things coming over the radio that are mere twaddle as far as building up citizenship in this country. It may be good music; it may be pleasing, but man needs something to pull him up when he is being dragged down by the devil himself. If the radio did nothing but give that free service over the air it would be justifying its existence in a splendid way. I have spoken over the radio, and I have received letters from people who were shut in, people in hospitals, people who did not have a dollar to put on the collection plate and who did not have to use that dollar to pay for the radio service. I take this opportunity of thanking radio; I hope they will keep it up, and I should just like to say, God bless them.

Mr. E. G. HANSELL (Macleod): I must compliment the hon. member for Fort William (Mr. McIvor) who has just preceded me, on those very fine remarks. I would suggest to him, however, that he could not have paid any greater compliment to private radio in Canada, for the private radio stations have not been behind in offering service to religious organizations day and night, seven days a week. If on occasion, and per-

haps on most occasions, they have charged for that service, it has been given at very reasonable cost.

This bill, Mr. Speaker, involving the expansion of the Canadian Broadcasting Corporation, is based—I think I had better say, is supposed to be based—upon the report of the parliamentary committee on radio broadcasting. Here and now I want to raise an objection to this bill being brought in before the report of the committee was concurred in. I believe that reports coming from such committees as that on radio broadcasting should be presented to the house, concurrence moved and full opportunity given for discussion, and a recorded vote taken by the house on the report.

I have been interested in radio for a number of years, and as a member of parliament, I have been on previous committees. I, too, wish to compliment the chairman of the committee and his associate, the deputy chairman, on what I believe to be the very fair way in which they handled the proceedings of the committee. I believe, however—and in saying this I am casting no reflection upon anyone because it can be applied to all members of the house—that this field of radio is so complicated and so tremendously involved that it takes years to understand it. I feel that with what little knowledge I may have I am only beginning to touch the fringe of this involved subject. So I would say that it behooves each and every member of parliament, including each and every member of a committee of this kind, to become fully acquainted with all that is involved before he decides to vote one way or the other on this measure.

This is not intended to be critical; but when the report was drafted I could not help feeling that at the last meeting, while the report was being drafted, the evidence was not reviewed perhaps as diligently, as carefully and as exhaustively as it should have been. When the report was finally drafted and accepted by the committee, and when I read it over next day, I had to say to myself that, so far as the report was concerned, the C.B.C. officials might just as well have written it several months ago and saved the committee all their trouble.

I would say, further, that the leader of the C.C.F. may just as well have written the report himself, and saved us the trouble of doing all that work. I listened to him with a good deal of interest to-night, and I felt that he was just not up to his old form. He seemed to be somewhat agitated throughout his speech. I could not help thinking that perhaps it might be because he recognized he was doing a good job for the Liberal government; for I am going to say this, that I will challenge anybody on the government side of the house to give a better speech in favour of government ownership, in favour of the report as it is, in favour of the government policy on radio, than was given by the hon. member for Rosetown-Biggar (Mr. Coldwell). It is obvious that the government and the leader of the C.C.F.—and I suppose he spoke for his party—are the Siamese twins of radio policy in Canada.

A few days ago I listened to the hon. member for Rosthern (Mr. Tucker), who is now the leader of the Liberal party in Saskatchewan.

Mr. KNOWLES: The leader of what is left of it.

Mr. HANSELL: I heard him deliver quite a tirade against our socialist friends. I heard him attempt to prove that there was no difference between the C.C.F. socialist party in this house, and the communist party and that their ideologies were the same. Well, now, here is at least one measure in which our C.C.F. socialist friends and the Liberal administration agree, heart and soul.

It is as well for the country and for parliament and those who are interested to know that the report as submitted was not unanimous by a long way.

Mr. SMITH (Calgary West): And how!

Mr. HANSELL: Yes, "and how".

Mr. KNOWLES: How do you spell "how"?

Mr. HANSELL: As regards the way the report reads—and they all read the same—"the committee recognizes this"; "the committee recommends that"; "the committee reviewed this"; "the committee concluded that"—as a matter of fact it was only a fraction of the committee that concluded "this and that."

An hon. MEMBER: Only a majority.

Mr. SMITH (Calgary West): A supine majority.

Mr. HANSELL: "Supine" is the word—and how! The report submitted by the radio committee, almost every section of it, was vigorously opposed. I will say this, that some of us were prepared to leave the committee before it started, after we read the draft report. We knew there was not very much use in staying there and fighting. But we stayed and we talked the thing through until almost two o'clock in the morning.

I am alarmed by the growing authority being placed in the hands of the government-owned Canadian Broadcasting Corporation.

It has already been pointed out that the corporation is the one authority which has authority over its competitors. I am not going to labour that point particularly, because it has been covered before. But I would suggest, Mr. Speaker, that there is no other government enterprise I know of in Canada or in any other country, except in the totalitarian countries, where a government enterprise has vested within it regulatory and authorative powers to regulate and boss and police its competitors. Yet that is exactly what we find in the present set-up of the Canadian Broadcasting Corporation. And the act over the years has been written up to solidify and entrench that authority in the hands of the corporation.

Just for the sake of illustration let us suppose that the government should decide to bring into existence another corporation known as the Canadian Daily Newspapers Corporation. It would not be known as the C.B.C., but rather as the C.D.C.—not C. D. Howe. It will be known as the Canadian Daily Newspapers' Corporation. I wonder what the people would say if that happens? I think they would lift their eyebrows in some alarm, and say, "What is the idea? I thought we believed in the freedom of the press?" And the government would say, "Oh, yes, we are not going to interfere with the press. The newspapers will operate just the same. The only difference is that we are going to have a government-owned daily newspaper corporation. We are going to have a board of governors to govern it. We are going to have our sub-boards, our committees, our departments, our specialists. And we are going to have vested in that daily newspapers' corporation regulatory authority which will regulate all other daily newspapers in Canada." What would you say to that? That is exactly what happens in the field of radio in Canada to-day.

Let us suppose, further, that the government said, "We will also vest in the Canadian Daily Newspapers' Corporation the right to control all national advertising. We will be the agents for all the national advertising, and the other dailies must carry only such advertising as we see fit. They can refuse it if they want to, but they cannot get any other if they do not take ours." What would you say to that? What would the minister who is piloting this bill say to that? What would the Minister of Reconstruction and Supply (Mr. Howe), who is the licensing authority, say to that? That is exactly what is happening to-day in radio.

Mr. JOHNSTON: That is within the realm of conception.

Mr. HANSELL: The hon. member for Bow River says that is within the realm of conception. That sort of thing could happen and it does happen in totalitarian countries. Supposing that this daily newspapers' corporation should have an editorial board and editorial writers. They might have a dozen writers, or even forty; it would not make any difference. They might say to that editorial board, "We want you to write daily or weekly editorials, and we are going to insist that all the daily newspapers affiliated with us accept those editorials." What would you say to that? That is exactly what is happening to-day in the field of radio.

Somebody in the past has said that in connection with its regulatory authority the Canadian Broadcasting Corporation acts only as an umpire in the field of radio. If I am not mistaken it was a previous chairman of the board of governors who said that, although I stand to be corrected there. That sounds all very nice, but did you ever hear of an umpire who was also one of the players in the game? Did you ever hear of an umpire who was also the pitcher in the game and who was able to call his own balls? That is exactly what is happening to-day in radio.

That is why we are advocating a separate body with semi-judicial powers. That may not be the right legal term to use, but—

An hon. MEMBER: It is good enough.

Mr. HANSELL: —it is good enough. We should have a separate regulatory body which would be absolutely neutral in the field of radio. There is one sentence in the submission by the Canadian Association of Broadcasters where reference is made to police powers. This reads:

> We submit that no government with any claim to being democratic combines in one body the legislative, executive, judicial and police powers.

No one has disagreed with the truth of that statement. "Police powers" is the phrase that is used there. Did you ever hear of a policeman who, on occasion, was on trial and also the judge and jury at the same time? That is exactly what is happening to-day in the field of radio. One may say, "If that is so, how did this all come about? Surely somebody sanctioned it?" I know the old arguments, but the way it all came about can be told only be referring to the history of radio. Why is it that the C.B.C. has been given so much power and authority? Surely there must have been some reason, or it would not have happened?

The history is simply this. Originally there was established a radio commission, the purpose of which was to protect the public from the possibility of irregularities in the field of radio. This commission was brought into existence years ago, I believe under a Conservative administration.

An hon. MEMBER: Hear, hear!

Mr. HANSELL: Someone says, "Hear, hear." That was years ago, and radio has expanded; times and circumstances have changed. I think the hon. member for Rosetown-Biggar by this time knows Mr. Bennett's statements by heart. I do not know why he brought down his manuscript to read, because he has quoted Mr. Bennett so often in the committee as an authority on this thing. Perhaps I could ask him, "If Mr. Bennett is such an authority on this matter, why do you not take him as an authority on a few other matters?" Oh, no; he could not do that. Why? Because this particular statement of Mr. Bennett's just happens to suit his purpose.

Do you suppose, Mr. Speaker, that Mr. Bennett might have made that statement in those days if he had thought that over the years, with the changing scene in radio, there would be so much authority vested in the corporation? I do not believe he would have. If Mr. Bennett were sitting here to-day he might be speaking along similar lines to me. I am quite certain that he would not be in favour of all that the Canadian Broadcasting Corporation are asking for and getting. Believe me, there is not a thing they have asked for that they do not get in this report, unless it is a little more money and they will be back later asking for more.

Governments come and governments go, and it does not always follow that what a government will do at one time, it should or would repeat at another time, say a number of years afterwards. Many developments have taken place since the establishment of the old radio commission. Radio is a comparatively new science which is expanding rapidly. We do not know what lies ahead from one year to another, but these changes have been slow. The old radio commission grew into what is now known as the Canadian Broadcasting Corporation.

The growth of radio has caused the corporation to adjust its policies and regulations over the years. The changes have been gradual; but they have been changes which have had the effect of giving to the corporation a little more power here, a little more power there, a little more now and a little more then, perhaps all unnoticed by an unsuspecting public. Perhaps they were not regarded as being serious by the governments in office. However, I feel sure that if what has happened in this respect over a number of years had been done all at once the country would have been seriously alarmed and public opinion would never have permitted it to happen.

What is happening now? With the adoption of this report and this bill, I believe this year is a more or less crucial year. I have no hesitancy in saying that we are just about to decide whether private radio is to exist any longer in Canada. That is about the picture. You are going to drive them out of business completely. It is all very well for the officials of the corporation to say, "Oh, we do not want that". But it is another thing to do it.

Mr. McCANN: That was never suggested.

Mr. HANSELL: That is going to happen.

Mr. McCANN: No, it is not.

Mr. HANSELL: The minister says it is not going to hoppen. I say that if we continue in this way, that is exactly what is going to happen. The minister might say: We are going to let the private stations continue. It is true that you are going to give them a licence. But suppose there are two powerful networks set up in Canada using these high-powered stations; would it not be possible—and I asked this question in the radio committee—for the corporation to run those two networks and not have any need of private stations? The answer was no, but a kind of reluctant no.

Mr. McCANN: An emphatic no.

Mr. HANSELL: They were not sure. I asked the chairman of the C.B.C. and he said: "No, I do not think so." He went on to say: "I cannot tell you what future boards might do." And so forth and so on. It is al very well to say that a private station can have a licence; but remember this, a private station has to have an audience too.

Mr. MAYBANK: Will the hon. gentleman permit a question?

Mr. HANSELL: Oh, I suppose I can.

Mr. MAYBANK: Thank you, even though you seem to be reluctant. Would the hon. member be able to quote the page where these reluctant answers which he has been describing were given?

Mr. SMITH (Calgary West): They are so obvious.

Mr. MAYBANK: You were there?

Mr. SMITH (Calgary West): I was there.

Mr. HANSELL: We are going into committee on the bill, and I will give my hon. friend the page and the line that I referred to and read the question and answer exactly as it was asked and given. I say that a private radio station must have an audience. Suppose there were two great networks on the air, one broadcasting Fibber McGee and Molly, and the other Lux Theatre. Perhaps they are both on the same network to-day. But suppose two great networks were broadcasting two popular programmes like that. How many people do you think would tune in to the local station to hear perhaps the local piano teacher putting on a recital, with her little junior pupils playing the piano? How many people would listen to that programme?

It is true that the radio corporation can say to the private stations: We are giving you a licence; you are still in business. But that is not the thing. I know what will be said. It will be said that radio broadcasting has always been under parliamentary scrutiny, that the C.B.C. acts upon the recommendation of parliamentary committees, and that parliamentary committees have confirmed this and that policy over the years. When it is suggested that the policies of the C.B.C. are likely to become hard-and-fast, as immutable as the laws of the Medes and Persians, the cry always goes up from the radio officials: Succeeding radio committees have the right and the power to recommend changes. That is so in theory, but it is not so in practice.

Suppose, for instance, there should be a change of government, and there will be some day. I do not know when, but it is a foregone conclusion that the government that is in is on its way out. It must be. I do not know how long it will take, but that must be so. Then suppose another government takes office and changes the policy with respect to radio broadcasting. They may say: "We believe that there should be two networks on the air and that one of these networks should be absolutely controlled by the private stations. We believe in a separate regulatory body." A committee is set up and, the majority on the committee being members from the government side of the house, the committee brings in a report that changes the whole radio picture. Would you say, Mr. Speaker, that that government would not be accused of political interference? Certainly they would. It is all very well to say that the C.B.C. is run on the recommendation of parliamentary committees, and that the operations of the corporation and its regulations are under parliamentary scrutiny and can be changed any time parliament sees fit. I say again that may be so in theory but not in practice.

I have not much time left. I have a few more things to say when the bill is in committee. In conclusion, let me say there is not the slightest doubt in the world that there is a radio monopoly in Canada under government ownership. My hon. friend the member for Rosetown-Biggar, who is championing this bill, I should not say more ably but as vigorously as the minister himself could, is against monopoly, so I understand. I believe I have heard something to that effect from my hon. friends who sit immediately to my right. I have a press report here of the recent C.C.F. convention in the province of Saskatchewan, and I find that Professor Scott made a speech to the convention in which he said:

> This Canada we live in, despite all that was promised during the war, is still dominated, except in Saskatchewan, by monopoly and private profit.

Mr. David Lewis, the national secretary of the C.C.F. also spoke, acording to the report in the press:

> The same note ran through the national executive's report read by David Lewis, national secretary. The report stated that monopoly was "king in Canada," that it was dictating national policy.

Further on in the report I find this:

> National Leader M. J. Coldwell told the convention that the return of the country to private enterprise "is subjecting Canada to economic and social problems which could have been avoided if a proper system of democratic planning for reconstruction had been introduced."

Here are three men, one talking against private enterprise and the others deploring monopoly in Canada. Let me ask the leader of the C.C.F. or his deputy leader or the deputy to the deputy leader, or whoever of them wants to answer it, this question: Is there a monopoly in radio networks in Canada to-day?

Mr. CASSELMAN: No answer.

Mr. HANSELL: I still pause for a reply.

Mr. KNOWLES: Is there not all the difference in the world between a private and a public monopoly?

Mr. NICHOLSON: Is there a monopoly in the postal service in Canada?

Mr. HANSELL: My hon. friend asks me if I know the difference between a private monopoly and a public monopoly. My reply to that is that in principle there is absolutely no difference. His colleague asks, "How about the post office?" Well, we are always hearing about the post office when they want to talk government ownership.

Mr. NICHOLSON: Do you object to that monopoly?

Mr. HANSELL: The post office is the king's royal mail—

Mr. NICHOLSON: It is a monopoly.

Mr. HANSELL: —and has always been that.

Mr. NICHOLSON: Oh, not always.

Mr. HANSELL: Well, it has been since the pony express, anyway. And another thing: nobody has ever proved that the post office is doing any better than private enterprise could do.

Mr. JOHNSTON: It goes in the hole every year.

Mr. HANSELL: How does anyone know that private enterprise could not do the same job for two cents instead of four?

I wanted to say something on commentators, but I do not know whether I should go into that at the moment, because it is quite a long subject. But the matter of taking over the class 1-A channels has given us some considerable concern. I am not going to repeat what the hon. member for Eglinton (Mr. Fleming) said. He gave an excellent speech and reviewed what had happened with respect to notification being given or not given—not adequately given—to the stations that were about to lose their channels. But I will deal with the alternative suggestion that was made by those who now operate Canadian station CFCN on wave length 1010. They proposed to the C.B.C. some months ago—I believe it was last fall—that they might be able to retain their wave length and that the same purpose would be gained if the corporation should take another wave length, namely 1060, step up its power, and operate from another location, and the argument was, of course, that that wave length was the wave length on which a station in Mexico was operating. The officials of CFCN said, "Well, now, we believe that you could do the same job and cover the same people in that area of the country in Alberta if you would negotiate with Mexico for the use of that channel and set up directional antennae that would not interfere with the Mexican station covering all that they require." That was a reasonable suggestion. However, the point I want to put over is this, that when the officials were asked if they had investigated that suggestion the answer was, no. The only conclusion I can gather from that was that it was already predetermined, that they were going to take this wave length anyway, and regardless of any suggestion or negotiation with other countries—that could go by the boards—"we are going to have this thing anyway." I think that at least they could have investigated the situation and sought out the possibilities which may lie in that direction.

In that connection I have a suggestion to make which may be a new one; I am quite certain it will not be acceptable to the C.B.C. It is this, that we permit CFRB and CFCN to stay on their present wave lengths and let them go up to the 50-kilowatt power, thereby reserving for Canada those channels, and let the C.B.C. wait before investing any money in new radio equipment. My contention is that, with the present rapid development in frequency modulation and in other branches of radio science, perhaps even in television, although that may be further away, it may not be many years until the new equipment which they contemplate using will be absolutely obsolete and that the money we are now voting for them will be a mere flash in the pan which will be spent, and nothing realized thereby. It may be of interest to some to know that the national broadcasting system in the United States has already spent in the neighbourhood of $15 million on frequency modulation and television research alone, without getting a nickel out of it. That is what the C.B.C. is faced with in the next few years. And goodness knows what would happen if television ever came into its own.

Mr. KNOWLES: They will be broadcasting the House of Commons.

Mr. HANSELL: I am told that it would cost three-quarters of a million dollars to put on one show for one hour only on a national network, under television. That is a lot of money. I believe the corporation would be on safer ground to say to the present operators of these wave lengths, "We will let you boost your power to 50 kilowatts. It may cost you a little money." They will be further ahead if, when they eventually had to make a change, they compensated these stations for any money which they might have spent in boosting their power.

The DEPUTY SPEAKER: Order. I must inform the hon. member that his time has expired.

Mr. SMITH (Calgary West): On a point of order, Mr. Speaker, it was promised by the government in this house, when the hon. member agreed not to discuss the resolution, that he should have as much time as he wanted when the bill came before this house. I remember that distinctly.

Mr. DEPUTY SPEAKER: With the unanimous consent of the house the hon. member may continue for five minutes.

Mr. SMITH (Calgary West): On another point of order, sir, we adopted a different method. We brought a report in from the committee, and it was arranged with the leader of the house at that time: he told the hon. member for Macleod (Mr. Hansell) who raised the point, that when the bill came in he should have as much time as he required at this stage of the discussion of the bill. I am anxious to see that undertaking carried out.

Mr. MACKENZIE: The hon. member for Calgary West (Mr. Smith) is quite correct, but the only guarantee that a member of the government can give is subject to the unanimous concurrence and consent of this house.

Mr. SMITH (Calgary West): I gather that the government concurred.

Mr. MACKENZIE: Yes.

Mr. DEPUTY SPEAKER: Order. I repeat that with the unanimous consent of the house the hon. member for Macleod may continue for a period of five minutes.

Mr. HANSELL: The time did seem to go very fast.

Mr. McCANN: You have been broadcasting.

Mr. SMITH (Calgary West): I am glad the minister has heard a good broadcast at last. It did not come from his side of the house.

Mr. HANSELL: I appreciate the remarks of the hon. member for Calgary West in coming to my rescue, but I have arranged my material in such a way that I think I can facilitate the business of the house. I just want to say a few more things; it will take only five minutes. The rest of my forty-minute speeches I shall be willing to give in committee. That is the way I have arranged it. However, five minutes will do now. I have another suggestion to make and this one will not be acceptable. The hon. member for Rosetown-Biggar read a statement made by Mr. Bennett that the air waves could be likened to the natural resources of the people, and that these air waves belong to the people. All right. The natural resources belong to the people and they belong to the people of the provinces. Here is a suggestion I am going to make. It is true that the air waves belong to the people and it is true that under the present broadcasting act the federal government seems to have jurisdiction over those air waves; but there is no reason in the world why provincial governments should not also have some jurisdiction over wave lengths, particularly when those wave lengths are confined within the provinces themselves. If we want to have real competition in Canada, which I believe would be a good thing for radio—and I am not saying there should be no supervision at all; that is why we recommend a neutral body—then I suggest that each provincial government be given a wave length which will be their own to do with what they please. If they wish to have a station of their own, all right; if they wish to allow a private radio company to have that wave length, O.K. It is their business; it is their wave length. Furthermore, I am going to suggest that the provinces could very well unite in a second network to be run by private radio stations. In that way each province would have a wave length which would be the people's, and you would have two national networks—no monopoly, and one running in competition with the other. That is my suggestion and I feel positive about it.

Even with my Liberal friends going socialist as they have gone during the war, I cannot understand this plunging the whole radio business into such a monopoly as they are doing. I cannot believe that the ministers who are piloting this bill through, and who seem to look so wise and intelligent about it, can at heart be really in sympathy with that policy, and I have concluded, perhaps wrongly—I do not believe wrongly—that the officials of the corporation have unduly influenced the government in respect of radio policy, and that what we are dealing with in the bill is not essentially government policy but is essentially C.B.C. policy, because they want their position solidified and entrenched. With these words, I shall now conclude my remarks and what I have to say otherwise I shall say when we are in committee.

Mr. R. R. KNIGHT (Saskatoon City): Mr. Speaker, I believe that one of the things that add zest to being a member of parliament in this house is that there are at least four parties in it. Some of my hon. friends have blamed the hon. member for Rosetown-Biggar (Mr. Coldwell) for agreeing in this particular instance with the principles of the Liberal party on the other side. Surely, after all, once in a while one has to agree with someone, and may I say to my Conservative friends to my right that when they bring forward such a good idea as that advanced by the Liberal party in this particular instance they may be sure of our support in that regard. There is nothing sinister in the kind of alliance that I have named, because we in this particular group agree with the particular party in this house that we think for the time being is right.

May I say that I am very much interested in this matter of radio in general, and in particular I am very much interested in the work of this committee of which I was a member. I am seized with the importance of radio as one of the greatest media we have for the spreading of news, of information and of education and for the promotion of good taste in music, in literature and in the arts. I am somewhat disappointed in my hon. friends, both to my left and to my right, that they have not any one of them to-night mentioned that particular phase of the matter. It would appear to be a struggle between two interests, or two ideologies or two ideas, and one in which, I submit, there is a substantial amount of cash involved.

Radio is a great blessing and a great gift, and it involves great responsibility. I said there was cash involved. I remember, when we thought that everything was very dear, we used to joke and say, "Well, at least the air is free." In this particular respect, even the air is no longer free. The air has become big business, and if you wanted any evidence of that, all you had to do was to attend some of the sessions of the radio committee, of which I did not miss any meetings. If you looked at the faces of the people around you, those occupying chairs and those who wished to occupy chairs but for whom there was no room, you would understand that there must be some money somewhere in this business of radio.

There are those who would like to sift the air through their fingers and retain something in the process. There is a question, to whom does the air belong? The matter was expounded by the hon. member for Macleod (Mr. Hansell) and again in this connection my leader the hon. member for Rosetown-Biggar stated that the air over Canada belonged to the people of Canada. The question fortunately was settled in the main for this country in 1932 and again definitely in 1936 when the broadcasting act was passed. The resolution that preceded the bill was introduced by the Right Hon. R. B. Bennett. I shall mention his name again, although for some reason my Conservative friends do not seem to relish quotations from that right hon. gentleman. Perhaps this is one of those mild reforms which the Right Hon. R. B. Bennett advocated and then, or shortly afterwards, he ceased to be the leader of the party of my hon. friends. However, I shall quote from that resolution of 1932:

That it is expedient to bring in a measure to provide for the constitution of a commission to be known as the Canadian Radio Broadcasting Commission, for the purpose of acquiring, operating, regulating and controlling radio broadcasting in Canada.

To whom does the air belong? As I said before, I suggest that it belongs to the people of Canada; and it is for us to decide—and when I say "us" I mean the people of Canada —not certain radio institutions that have managed to get their fingers upon some of what I at least consider to be the public domain; it is for us to decide what should be done with it. The hon. member for Macleod has challenged us to say this is not a monopoly, in which he says we believe. All right, I shall accept the challenge. If it is a monopoly of the people, let it be a monopoly, provided that the people have it in their hands and have power to control it through this parliament. As I said a moment ago, this ownership, whether it be the ownership of the people or the ownership of private interests, involves responsibility for what goes on the air, the type of programme, the kind of music; and I maintain that this responsibility can be better fulfilled by a body which is under public control than it would be fulfilled by any commercial enterprise which has as its main object the profits it can command from the handling of the air waves. I believe we can have more freedom of speech under a system that is publicly owned than under a system under which any man with sufficient money can buy his way on to the air, while the man who has no money cannot have the same privilege because he cannot afford it. Where profit is the motive, I am afraid some of us sometimes lose our moral sense. Where profit is the motive, I am afraid there is a temptation, shall we say, to take too much time for advertising, too much time on profitable announcements.

I could go into the record of the private radio stations in this country. I shall not take time to do so, but I have here a publication which shows the comparative amount of time spent on sustaining programmes and on commercial or paid programmes in this country over a period of two weeks. I can show the house where at least four of the private stations whose names have been bandied about here to-night during those two weeks devoted about twenty per cent of their time to what might be called public service and eighty per cent of their time to a straight money-making commercial proposition.

Another point I wish to make is that there is a temptation to accept the sponsored propaganda of those having one set of ideas when there is insufficient time to give those with opposite ideas an equal opportunity on the air, or when the people who hold those other ideas, as I have said, do not have sufficient

money to pay for their expression over the radio. There is also, I think, quite a temptation to accept anything that is paid for, irrespective of its merit or its effect upon the culture of the country in general.

That, of course, brings up the question of whether commercialism has a conscience. I would submit, sir, that commercialism finds itself in a constant struggle with its conscience, a struggle between the desire for profit and its conscience. Little has been said to-night of this matter of culture. You may say that many good men are in private business, and I would agree. But I would also point out that regulations are necessary in this country to curb that very thing of which I am speaking; that greedy, avaricious commercialism which cares about nothing except the profit it makes. If you do not believe that, let me mention the fact that regulations are necessary in this country to keep commercial interests from selling cigarettes or liquor to children; that there are commercial interests who would cheerfully sell drugs to drug addicts if they could get the money for them and if the regulations and the policemen did not prevent them from doing so. If you think commercialism has any particular conscience, look at our news stands and see the type of literature, so-called, offered to our young people there. Those who put out these publications for profit are apparently not concerned with the effect of that type of reading upon the people. You may say, "Well, after all, these people are in a commercial business." That is exactly the answer I got when I put that question to the editor of a great newspaper. I found some fault with the sort of thing they were publishing, and saying it would have a harmful effect upon the mind of the body politic. His reply was, "Sir, we are not running a Sunday school here. We are going to give the people what they want and what they are prepared to pay for. We are running a commercial institution." That very thing has always been a problem in my mind. To what extent is it the responsibility of an editor, or of a radio broadcaster, or of the C.B.C., if you like, to try to elevate the public taste? I say we have more chance of having the public taste elevated by an organization controlled by the people of this country, through this parliament, than by a mere commercial institution which is primarily in the business for the money it makes. I hold that men not motivated by the desire to make money out of programmes will make better decisions, more nearly in conformity with the public good.

I now come to the matter of this radio committee. One could see that what was chiefly stirring there was this matter of money interest. Evidently something was going to be done that would cost somebody some money, and there was a good deal of protest against that. I come to one of the main recommendations of the report. I agree with the report when it says it is best for the C.B.C. to retain its dominant position in Canadian broadcasting. I believe—and this is where the money lies—the national system is fully justified in taking over the three wave lengths which have been mentioned, whose power is to be increased under the Havana agreement. Earlier the hon. member for Rosetown-Biggar read from page 732 of the proceedings of the committee the questions he asked Doctor Frigon away back in 1942, so I need not repeat that. One of the claims of these private companies was that they did not understand they would have to surrender these wave lengths, and, second, that they did not get sufficient notice from the C.B.C. that those wave lengths would have to be surrendered. I cannot accept the word of these private companies on either count. That whole matter was discussed in the committee of 1942, while counsel for these private interests sat by in a chair and, as the evidence showed, himself took part in the discussion. Can anyone tell me that the head of any great corporation where millions of dollars are involved or the counsel for any such corporation, would not understand the conversation which was going on in that committee, particularly when he was taking part in it, and that then these same interests should come back—if not the actual men—four or five years later, and say that they did not understand that they were to lose those wave lengths?

Then there is the matter of insufficient notice being given. They said that on their licence in 1941 there appeared some new, mysterious words which had never been on there before: "This licence is granted subject to regulation, number so-and-so". But they said, "We did not pay any attention to it". Counsel who are employed by corporations of that kind are not men of that type. There is no doubt in my mind that those men knew, just as well as if the regulations had been translated for them, and I have no doubt that they were looked up, and thoroughly understood and discussed.

I would say, "The nerve of them!" I should say they should have been thankful for the use of those wave lengths for three or four years in this country, which has been able to establish them and get them on their feet, instead of at this date protesting that they

should be able to retain something which they never owned and to which they had no right, except as a loan from the people of Canada.

There was talk in the committee of setting up an independent commission to judge as to the efficiency of private stations. It is an idea against which I shall not set my face, because I believe that that is an idea which might be worked out. But I want to make it clear that under the present organization there is no such body; and that the only body we have at the present time is the C.B.C., to which control was given by statute. I believe that, if anything, the C.B.C. has been too lenient. It might almost be reprimanded for not carrying out its work more efficiently in the supervision of these private stations.

To my mind, the only justification for a private radio station's existence in this or in any other country is the service it renders to the public. If the C.B.C. is the controlling body, by law, and if part of its business is to see that these private stations are carrying out the public function which they owe to the country, then in my opinion the C.B.C. should be doing so. If an independent body is created later on, all right. But in the meantime I think it is a disgrace that any private station in this country should be giving only fifteen per cent or twenty per cent of its time to the public service of the community it is supposed to serve.

There are, of course, some excellent private stations in the country; some of them are giving splendid community service. I noticed that those which appeared before the committee were those stations. There was one from Vancouver, if I remember correctly, which had a particularly fine record. But some stations are not giving such service, and should be reprimanded. I would go farther than that and say that the condition in connection with the renewal of a licence should be that of public service, as judged by some public body, whether it be the C.B.C. or some other. I think supervision is necessary.

To-night someone referred to the federal communciations commission. Here is a digest of its report in the United States:

> The practice with regard to applications for licences in the United States is that the applicant in making his application includes specific pledges that time will be made available for public service programmes. The new FCC policy means that promises will be compared with performance before licences are renewed.

So far as I am concerned, I think that should be written into this particular matter with which we are dealing to-night. The report goes on to discuss the various stations, and their efficiency or otherwise.

There have been some arguments raised to-night against the proposition in which I believe. Perhaps I might deal with one or two of them, although I think most of them were answered by the hon. member for Rosetown-Biggar. I would refer particularly to some of the arguments advanced by the hon. member for Eglinton (Mr. Fleming). He said that the C.B.C. was most lavish with public money. In my opinion the C.B.C. would be a more valuable institution to this country if we were prepared to spend a little more money on it, so that we could make it more successful and more efficient than it now is.

He said, too, that we were lavish with our praise of the C.B.C. So far as I am concerned, it is my belief that where praise is due, it should be given.

Then he referred to the procedure in the committee, and said that we put the cart before the horse. It was his view that we should have brought the C.B.C. in, made it go ahead and give its history, and then proceed with its plan for the future. He then said that, when that was all done and the C.B.C. cards were on the table, he would then bring in the private stations. I say if it is unfair for one, it would be unfair for the other. If we had brought them in in the other order, and if we had submitted the C.B.C. to that process, instead of the private stations, it would have been unfair to the C.B.C.

The hon. member for Eglinton said there was a disposition to hurry through the business, and, therefore, not to do it efficiently. May I say that I was a member of that committee, and I saw no such hurry. For instance, I listened to the hon. member for Eglinton one afternoon for what I thought was from two and one-half to three hours—two and one-half hours of the three-hour sitting. If that is hustling the matter through, then I do not know what the word means. I do not think anyone can say this matter was hustled through to-night and not given proper discussion before the House of Commons and the country.

The hon. member for Eglinton said the private stations were entitled to fair play, and from that I assume he makes the accusation that they have not been receiving fair play and have been treated unjustly in the past. I believe that in my previous observations I have effectively answered that point.

Then he asked, "What encouragement have these private stations?"—these poor private stations, the word "poor" is my own. "What encouragement have these private stations under this basis of incomplete security of tenure?" Well, I believe that the private

stations have done rather well. If one were to examine the way in which they have increased in number and in strength I think he would agree that they are doing quite nicely. And if he were to examine the amount of revenue they take in annually from this country for the services they perform—and many of them efficiently—I think he will see that they have had a good run of business.

The hon. member for Eglinton, and I believe also the hon. member for Macleod, suggested that we should allow these two private stations—I noticed there was very little said about the third one—to increase their strength to 50 kilowatts, and in this way Canada through private channels would be able to conform with the Havana agreement. I would ask him why these two stations should be singled out for the particular honour of having their strength increased to 50 kilowatts. What about the other private stations? Why should these two be thus signally favoured? The hon. member said, "Canada is now to increase this station to 50000 watts, but there is nothing to say that the C.B.C. should hold it." I have previously answered that question.

The hon. member for Eglinton says no notice of changed plans was given to these stations until 1946. I think I have dealt with that. There was a special endorsement on their licences in 1941 and, since 1942, the matter has been under public and open discussion every year when the radio committee sat. The hon. member for Eglinton says there was confusion in the minds of the committee. I did not see any evidence of confusion. If there was any, it must have been in the mind of the hon. gentleman.

In summing up, may I say that there is a place for the private stations in this country to serve the communities in which they are located. However, I am a firm believer that every nook and cranny and corner of this country should be covered by radio broadcasting, by means of a public monopoly if you like, so that the people may be assured of sustaining programmes behind which there is no commercial backing, but which are designed in the interest of culture and development.

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, it is customary to say that one did not intend to take part in the debate. I did intend to take part in the debate, but many of the things that I wished to say have been said, probably better than I could have said them. There remain one or two items which I shall discuss for a few minutes. I hope the hon. member for Saskatoon City (Mr. Knight) will not think I am unnecessarily critical of his scorn for the dollar, if first I speak of dollars. Section 3 of the resolution referred to the cost of collecting the licence fees from owners of radios. If my memory serves me correctly that cost is about $527,000. It seemed to some that the charge was exhorbitant inasmuch as the total amount collected is a little less than $4,000,000. Those of us who have some knowledge of rural life know that driving along the back concessions to collect licence fees is a task that cannot be undertaken for five or ten per cent of the amount collected. However, that is a matter which can and, I am certain, will be investigated at a later time.

I object to the suggestion that the cost of these collections should not continue to be an operating cost of the corporation. It has been suggested that the total amount should be vested in the corporation and that some other agency should bear the cost of the collection. I do not think that is a sound method of bookkeeping; I do not think it is an honest method of bookkeeping. However appreciative we may be of the broadcasting corporation, I suggest to members of the house that it should keep accurate and complete records of its costs as well as of its income.

If the amount collected be not sufficient to defray the cost of administration there are sources of revenue always available to the government. It can increase the tax upon the user. But I do not think it is wise or well that the suggestion contained in paragraph 3 of the resolution should be approved and the cost of collecting radio licence fees possibly buried or lost in some other department. I recall that a few years ago it was deemed expedient to write off several hundreds of millions of dollars owing by the government-owned railroads in order that their burden might not appear as great and in order that the management or mismanagement which had characterized them for a time might not be subjected to criticism. The pen, by the aid of a statute, was drawn through several hundreds of millions of dollars that the corporation owed. I suggest that the blight of government ownership should not cast its shadow in this particular form over this government-owned enterprise so early in its career.

The next point I wish to discuss briefly is the degraded position of the privately owned station. My criticism is directed at the statute. Section 21 of the Canadian Broadcasting Act reads:

> No private station shall operate in Canada as a part of a chain or network of stations except with the permission of, and in accordance with the regulations made by, the corporation.

The result is that the private station has no network affiliation. It can be said that this

is more or less a reproduction of a section in the act of 1932. As was suggested by the hon. member for Macleod (Mr. Hansell), the hon. member for Rosetown-Biggar (Mr. Coldwell) seems to have carried in his pocket some lines of some of the speeches of the Right Hon. Mr. Bennett. It is true that in those days Mr. Bennett did favour government-owned radio, but it is well to remember the reason for his attitude at that time was that radio, which had been hardly more than a toy or plaything a few years earlier, had become a great agency for formulating opinion. It was learned one day in Canada that the air channels had been largely taken over by our neighbours to the south and nothing less than the government of Canada could redeem Canada's position in the air over this continent. It was, I think, by the use of that argument, the truth and sound basis of which no one at that time doubted or possibly still doubts, that there was recruited to the doctrine of government ownership people who generally are not so profoundly impressed by the wisdom of that doctrine. The leader of the government at that time used strong language, language which is now being interpreted as favourable to a government-owned monopoly of broadcasting to-day. I think it well that the house should know that the reason for that attitude was that anything less than the voice of Canada, speaking the language of diplomacy and speaking for the Canadian people could have redeemed for Canada her place in the air.

But this is a new science, something that has become one of the greatest influences upon human life that has been devised probably in the last two thousand years. Through it news is transmitted instantaneously from the remotest corners of the earth; through it information is spread; through it opinions are formed; and through its use or abuse minds are moulded and men galvanized into action in ways entirely unprecedented. I doubt if a Mussolini or a Hitler could have found his way to power as rapidly or as absolutely as they did had it not been for the device that is now under discussion. So that I do not think there is any reason to apologize if a person were to modify his position.

The hon. member for Rosetown-Biggar (Mr. Coldwell) seemed to think that everybody who had ever been associated with the Conservative party was absolutely bound by the statements that had been made some years ago in other circumstances by a capable and a distinguished Canadian. I for one do not feel that I am bound or that any member of this party is bound by anything that may have been said by a distinguished leader of the Conservative party fifteen years ago when he was struggling strenuously and successfully, to regain for Canada her place in the air over this continent.

But there have been changes, changes particularly in the use of radio. I am going to be very candid, possibly curt, in stating that my fear is that the government, not only this government but any government, will use this power, this great and unrivaled power, improperly to maintain itself in office or to defeat its opponents. I do not think it is wise that we on the northern half of this continent should unnecessarily expose ourselves to such a danger.

I have been looking through some of the reports of former years. I have before me some of the reports that were made in 1943 and 1944. I am not going to weary the house by reading from them; but it was stated, not once, but stated a dozen times, that the broadcasting corporation would be non-partisan, that it would be free from political domination. I have cut most of my eye teeth. I do not pretend to be wiser or to have more experience than other hon. gentlemen who have lived in Canada and have had some association with public affairs, but I think we have to admit, in all honesty, if not in pride, that bodies like the Canadian Broadcasting Corporation, closely associated with government, whose administrators are government appointees, in moments of stress yield to the temptation of government dictation. I believe that to be a fact; I know it to be a fact. I will go farther and say that if the party to which I belong were in power and were subjected to the same temptations, to the same possibility of wielding that irresistible power of formulating public opinion by the statement of fiction as facts or by the colouring of facts or by the repression of facts or by keeping opponents from saying what they wished to say over the air, I am not certain it would have the grace to resist. I do not think it is well that we in this country, cherishing and believing in freedom of speech as we do should subject ourselves further to that kind of danger.

I am not disposed at this moment to put on the record all the information I have here; but there are letters, some of which are already incorporated in the debates of this house, which show that the broadcasting corporation, under direction of the government, kept certain political opponents of the government from the air. That is not a healthy situation. It is not a type of thing which should be tolerated. When a political party is in stress, whether it be in one province or whether it be in another, the agencies which are under its control, be it radio commis-

sion, be it liquor commission, be it unemployment insurance commission, be it old age pensions, all these bodies are more or less wracked, if not wrecked by the stresses and strains of the moment. I ask the government to amend this act in such a way as to relieve those strains and perils.

One point which I wish to develop further is the very minor position in which the private station finds itself. The private station is restricted to the humblest kind of local work. Radio in its essence is the defeat of distance. If you restrict radio in its flight, if you pinion it to a village or a locality, or one low-powered station, you defeat and deny it its own essence. It is the hook-up that is the essential characteristic of broadcasting, and when the private station is denied the privilege of becoming associated with other stations throughout the land it is put on a lesser and lower plane than the stations owned and operated by the government. The government-owned corporation enjoys the only privilege of communication throughout the whole area of this dominion.

It is stated that the private stations are mere money-making enterprises, and some rather harsh things have been said about them. If it be desired that a portion or a greater portion of the time of the private station be devoted to cultural work, to educational work, to music or to literature, all well and good. It is within the competency of the regulating body so to determine. And here I wish to associate myself with what the hon. member for Eglinton has said about the function of the C.B.C. which is both a competitor and a judge in the same race. The activities of the privately-owned station can be properly regulated. But to put the privately owned stations in such a position that they cannot compete with the government-owned station is to create and develop a monopoly of broadcasting in Canada.

There is something more. We have heard about the taking over by C.B.C. of one or two stations: I am not going into that. But if these privately owned stations are to be displaced and forced to seek other and less favourable channels for their broadcasting, private enterprise is going to say, "Well, there is no future here; we are only tenants, not even during good behaviour, but only tenants so long as it pleases the particular party in power to let us breathe." That is not a healthy situation.

We have developed in Canada something which is peculiar to ourselves. I am not certain that it is a wise policy but here we have government-owned facilities in competition with privately owned ones. We have the railways, the ships, the telegraph, the aeroplane. I sincerely hope that the semi-promise given by the Minister of Reconstruction and Supply (Mr. Howe) the other day may be realized and that aerial navigation will not be a total monopoly of government as it was indicated it was going to be. But we have in transportation and in communications the publicly owned services in competition with the privately owned services, and they all serve to keep the privately owned and the publicly owned services alert, active, and not quite as arrogant as they might otherwise be. I believe that the minister who is guiding through the house the bill which is before us to-night should remember that competition has not been entirely banished from the realms in which government owned service operates, and that he would do well to suggest amendments to the act which would permit some rivalry between the publicly owned and monopolistic corporation and privately owned stations, degraded and humble though they be.

Mr. D. G. ROSS (St. Paul's): There are a few remarks I should like to make this evening. I was a member of the radio committee, and I have been a member for quite a few years. One thing I find difficult to understand: I should have thought that, before this bill was introduced, the particulars of it might have been discussed in the committee. As far as I can find out, that has not happened.

I am not in favour of the bill as it stands. The taxpayers of Canada believe—and I agree with them—that this is a time for economy, not for spending their money. Taxes are already too high in this country.

One other criticism I would make is that the committee was set up very late. The first meeting was not held until, I believe, May 28, long after the session started, and the heavy programme which the committee had to consider made it inevitable that the report would be brought down very late in the session. As a matter of fact, Mr. Speaker, there were a great many aspects of broadcasting in Canada which, owing to the lateness of the sittings of the committee and in spite of the fact that in the last few weeks we sat two and three times a day, we did not have time to consider. Among other things, we did not get the financial statement of the corporation until almost the last day or so of the sittings of the committee and there was no opportunity to discuss it thoroughly. I think the house now fully

understands that the report of the committee and other reports of previous committees have been far from unanimous. As the hon. member for Eglinton aptly stated, it was a majority union report of the C.C.F. and the Liberal party.

An hon. MEMBER: Good combination.

Mr. SMITH (Calgary West): You said it, brother.

Mr. ROSS (St. Paul's): And how! In anything I say I do not wish to be misunderstood. I am in favour of a nationally owned system of radio in this country, but I am in favour of radio broadcasting being properly controlled and not controlled in the manner in which it is.

A good deal has been said about the original setting up of the Canadian Broadcasting Corporation, but times have changed and the act which gave sanction in 1936 to the principles we have to-day are out of date in these modern times in view of the changes that have taken place from year to year. A great many members of the committee feel, therefore, that there is need for a change in the act. But there is only one way in which we shall ever get that change, and that is to have it go before an independent tribunal in open session and have witnesses called representing all points of view, including listeners. Then we may come to some conclusions which will be more suited to modern times.

I hold no brief for any private stations. I am not speaking to-night for anyone in particular, but I have great fear of the dangers that exist in Canada along the road we are travelling in the matter of radio and in view of the growing monopoly on the part of the C.B.C., and the grave danger that the people of Canada will eventually be listening to one or two voices but only one point of view, and freedom of speech will be lost.

I think it has been proved to-night that there is a monopoly of radio in Canada, and it has also been shown how the radio broadcasting corporation is constituted. It maintains a monopoly of all telegraph wires and will not allow private stations to have full use of the facilities at their disposal. It has been shown how the whole thing works.

On motion of Mr. Ross (St. Paul's) the debate was adjourned.

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

[Mr. D. G. Ross.]

Saturday, August 24, 1946

The house met at eleven o'clock.

BREAD

SALES ABOVE CEILING PRICE

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Acting Minister of Finance (Mr. Abbott). I tried to communicate with several departments this morning, but was unable to reach the right officials, although I did eventually reach the Minister of National Defence for Air (Mr. Gibson). My question is this: Is the government aware that in some areas in Canada the price of bread is being increased, and bread is being sold above the ceiling price? If so, has the government or the wartime prices and trade board taken any steps in the matter, or do either intend to do so?

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, the leader of the opposition (Mr. Bracken) in this instance followed his usual courtesy of sending notice of his question, although I am sorry we did not receive it earlier. When it is brought to the attention of the board that price ceilings have been broken, prosecutions frequently follow. If the hon. member will furnish either the board or myself with the names of the parties to whom he has referred, they will be dealt with immediately.

LABOUR CONDITIONS

STEEL STRIKE—FURTHER DEVELOPMENTS

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I had intended asking a question of the Minister of Labour (Mr. Mitchell) but perhaps in his absence the Minister of Reconstruction would answer. Has the controller appointed in the steel dispute been able to do anything in regard to a settlement since the committee on industrial relations finished its work?

Right Hon. C. D. HOWE (Minister of Reconstruction): Mr. Speaker, I have had no direct contact with the controller recently, and therefore I am unable to answer the question. However I would point out that one party to the dispute refuses to obey any directions of the controller, and therefore he is some-

what handicapped in trying to work out arrangements between the workers and the managements.

PAYMENT OF INCREASED WAGES BY STEEL COMPANY OF CANADA

Mr. STANLEY KNOWLES (Winnipeg North Centre): I should like to ask the Minister of Justice if he can tell the house whether an opinion has been sought or given as to the legality or illegality of the action of the Steel Company of Canada in paying triple wages to those now working in its plant at Hamilton.

Right Hon. L. S. ST. LAURENT (Minister of Justice): No opinion has been sought and no opinion has been given.

Mr. KNOWLES: Does the government regard it as legal or illegal?

Mr. ST. LAURENT: The government does not regard it at all. It has not been brought to the notice of the government.

Mr. KNOWLES: We are doing it now, and the plant is under the control of the government.

Mr. ST. LAURENT: If the hon. member will be more specific, perhaps some opinion could be expressed, but I should be very much surprised if there was a lawyer anywhere who would attempt to give an opinion based on nothing more than the statements made in the house this morning.

Mr. KNOWLES: A question has been directed to the Minister of Labour time and time again, and he will not answer.

Mr. SPEAKER: The hon. member put his question and then asked another and was answered by the right hon. minister. I cannot permit a debate.

Mr. KNOWLES: But I did not get an answer.

FISH

BRITISH COLUMBIA—EXTENSION OF SALMON SEINING IN AREA 17

On the orders of the day:

Mr. JOHN L. GIBSON (Comox-Alberni): I should like to ask a question of the Minister of Fisheries. In view of the fact that British Columbia members have received telegrams with regard to salmon seining in area 17 in British Columbia can the minister advise the house as to what decision he has made in that regard?

Hon. H. F. G. BRIDGES (Minister of Fisheries): The whole matter in connection with extending the boundaries of area 17 is receiving active consideration by myself and departmental officials. I would also add that the director of western fisheries left for British Columbia last night to make a further investigation.

SUGAR

IMPORTS FROM WEST INDIES—CONCESSIONS TO CANADIAN GROWERS AND PROCESSORS

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I should like to direct a question to the parliamentary assistant to the Minister of Finance, which possibly may be treated as a notice. In view of the increased price of sugar which is imported from the West Indies, will the government, with a view to encouraging production in 1947, consider granting similar concessions to growers and processors in Canada as have been ordered in the United States of America?

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance): I shall take that as notice and give the hon. gentleman an answer later.

HOUSING

CENTRAL MORTGAGE AND HOUSING CORPORATION—RENTS IN EDMONTON

On the orders of the day:

Mr. DONALD M. FLEMING (Eglinton): I should like to direct a question to the Minister of Reconstruction and Supply. I have not been able to send him notice of it, because it is based on a telegram. Has the minister any information concerning an increase in rents being charged by Central Mortgage and Housing Corporation to its tenants in what was formerly known as the Jesuit military hospital in Edmonton?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I have no knowledge of any increase in rents, but I shall be glad to make inquiry and answer later.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

VETERANS AFFAIRS

888. Departmental administration — further amount required, $484,923.

Mr. BRACKEN: Will the minister make a brief statement on this item? I think it would help us to expedite its passage.

Hon. IAN A. MACKENZIE (Minister of Veterans Affairs): The need for these supplementary estimates is brought about by accelerated demobilization. We had an estimate of a monthly demobilization rate of 38,500 per month, and the actual rate was 66,500 per month for a six months period. This has entailed additional expenditure. First, there is the provision for one year's free treatment. As I say, the men are coming home much sooner than we thought we could get them home. There is $6,000,000 needed as a result of the action taken this year by parliament in reestablishing the insurance principle. An amount of $1,000,000 is needed for war veterans' allowances, but the main item is in regard to the year's free treatment. Some additional amounts are required under the Veterans Land Act, but most of these items have been sanctioned by the parliament this session as a result of deliberations by all parties. Departmental administration has naturally been increased because of the men coming home earlier than was expected, but this cost should go down substantially next year. Broadly and briefly speaking, those are the main reasons for the increases.

Mr. PROBE: I think the Minister of Veterans Affairs should be complimented upon the manner in which he treats the committee, especially when we consider the action taken by other ministers when their estimates are before us. I have sat here many times when a minister has brought in an enormous estimate which he expected us to digest and pass without making a statement of any kind. I resent being thus treated as a cipher, and for that reason I want to say thank you to the Minister of Veterans Affairs for making the statement he has. Is it not true that we have passed the peak in the demobilization activities and that from now on there should be a considerable decrease in the Department of Veterans Affairs personnel?

Mr. MACKENZIE: We have passed the peak in regard to demobilization and reconversion, but we will not reach the peak in regard to expenditures until about March of next year.

Mr. PROBE: Is it not true that the staff in the department is being reduced? Has the minister any figures which will indicate when the peak was reached?

Mr. MACKENZIE: Most of the staff is occupied in connection with hospital administration and treatment. We expect that they will be required until next spring, because of the provision for free treatment for all demobilized and discharged ex-service men.

[Mr. Fleming.]

Mr. CASTLEDEN: How many veterans and dependents have still to be brought back to Canada?

Mr. MACKENZIE: I am not sure, but I think about 12,000. I shall find out definitely.

Mr. CASTLEDEN: How many houses are still required for veterans? There is a terrific shortage of houses for veterans in Ottawa and right across the country. What is the present deficiency, and what are the prospects of meeting it?

Mr. MACKENZIE: That matter is definitely under the jurisdiction of the Minister of Reconstruction. This year we have built over 2,700 houses, and then we have been assigned to construct 4,000 units for next year, which is part of the 8,000 units in Canada. We do not intend to intrude into the field of urban housing. Under the Veterans Land Act we want to make our housing a matter of settlement in addition to providing occupational opportunities by locating close to industrial areas.

Mr. CASTLEDEN: That does not answer my question. According to the minister's figures he will have 2,726 houses with an additional 4,000. That is out of a total programme of 8,000.

Mr. MACKENZIE: That is right.

Mr. CASTLEDEN: That takes care of about 7,000 veterans.

Mr. MACKENZIE: There is no urban housing at all.

Mr. CASTLEDEN: What is the lag in urban requirements?

Mr. MACKENZIE: We have none, except in the one case at Calgary. The Calgary area is extensive; the city offered us tax free land and we did engage in certain housing there, but apart from that there will be no urban housing under the Veterans Land Act.

Mr. DIEFENBAKER: Last year I brought up a question with regard to hospitalization, and the utilization of the natural facilities available at Watrous lake, the chemical waters of which have been found to be beneficial for the treatment of neurological diseases. Ever since the Indian tribes used to gather there more than two hundred years ago, use has been made of the waters of this lake in the treatment of certain types of disease, particularly unsettled mental conditions and the like. Within the last six months the government of Saskatchewan made an investigation to ascertain the properties of the waters of this lake, and I understand they have been found to be particularly beneficial for neuro-

logical complaints. I do not think there should be any difficulty in arranging with the government of Saskatchewan to make available to soldiers requiring neurological treatment certain facilities that were built there some fifteen years ago. I should like to have a statement from the minister with regard to the matter. Last year he gave me a most considerate answer and said that the matter would be looked into.

Mr. MACKENZIE: I appreciate my hon. friend's bringing this matter to my attention. The real question is this: are there enough ex-service patients whose treatment would warrant the development of Watrous lake? I am told by my parliamentary assistant that it is an ideal site for a health and occupational centre for the treatment of veterans. I can assure my hon. friend that if it is deemed necessary to expand in that direction, his recommendations will be most carefully reviewed.

Mr. QUELCH: How long will it be before veterans can take advantage of the amendment to the Veterans Land Act permitting loans of $3,000? I have received several letters but I understand that no application has yet been granted.

Mr. TUCKER: One has already been settled under the provisions of the amended section, and there is no reason why the policy should not be applied right along.

Mr. SKEY: Would the minister make a brief statement on Sunnybrook hospital? When will it be completed and staffed and in operation?

Mr. MACKENZIE: We are beginning now to send the first patients into Sunnybrook. As my hon. friend is well aware, all the units have not yet been completed, but we shall have a gradual infiltration of patients into Sunnybrook from now on until the unit is completed with the conjoined units of the health and occupational centre and the Davisville estate. The three units will form the finest hospital centre in the dominion.

Mr. ADAMSON: The first to be completed was the out-patients building?

Mr. MACKENZIE: That is right.

Mr. ADAMSON: Have complete surgical facilities been installed? When will the surgical part of D.V.A. be removed from Christie Street to Sunnybrook?

Mr. MACKENZIE: There will be certain surgical facilities available in the unit now, but the hospital will not be completed for some months yet because of difficulties in regard to labour, bricklayers particularly, and the shortage of supplies and material, all of which were beyond my control. But I can assure my hon. friend that it is the earnest and urgent desire of this department to have Sunnybrook finished as soon as possible, and I hope that every single member of parliament will attend the opening ceremonies.

Mr. SKEY: Does the minister expect that he will be able to staff Sunnybrook adequately when it is completed?

Mr. MACKENZIE: Yes.

Mr. SKEY: Last December on the minister's estimates I brought his attention to the extremely low pay which the D.V.A. nurses are receiving as compared with the pay of nurses in the armed services and in hospitals throughout the country. The minister said he would give the matter consideration and see whether anything could be done to increase the compensation for nurses.

Mr. MACKENZIE: We have substantially increased the salaries of doctors working for D.V.A., and we have received complaints from civilian hospitals that we are paying our nurses more than they can afford to pay. We make certain allowances for board and lodging which increase the comfort of their existence.

Mr. SKEY: If the civilian hospitals are forced to pay their nurses more, it will be a good thing.

Mr. WHITE (Middlesex East): In regard to the Veterans Land Act houses in Westminster township, I understand that the water mains are being laid from the city of London and that the public utilities commission has a flat rate for each hydrant placed in any area. What arrangements have been made in that regard? The drainage system that is being installed there comes to a dead end, with no outlet. What arrangements are being made to take care of that?

Mr. MACKENZIE: I regret to say for once that I am waterlogged. I have not the information, but I shall be glad to get it for my hon. friend.

Mr. GILLIS: The civil reinstatement act was amended in 1942 to bring it into line with the Unemployment Insurance Act with respect to those who might be affected by an industrial dispute. Consideration should be given to amending the act, because hundreds of ex-service personnel are involved in industrial disputes which were none of their making;

the conditions which brought them about arose during the war when the men were in the service. They came back and took employment in an industry and soon found themselves out of work. Under the civil reinstatement act they are entitled when out of work to certain benefits. There is a great deal of criticism throughout the country, particularly in areas in which industrial disputes are in progress because of difficulties between management and labour largely brought about while these boys were overseas because they do not receive out-of-work benefits. Has the department given consideration to applying the statutory provision for out-of-work benefits to certain periods when these men are out of work?

Mr. TUCKER: The hon. member, having been concerned with labour matters much longer than I, knows how difficult the situation is. He knows that under the Unemployment Insurance Act a man who is out of work through a labour dispute cannot get unemployment insurance.

Mr. GILLIS: That is quite all right.

Mr. TUCKER: There are many veterans who are not entitled to the out-of-work allowance, and if they are out of work because of a labour dispute they cannot get unemployment insurance. If we stepped in and said to the veteran: You are entitled to the out-of-work allowance and we shall pay it, it would lead to a charge of discrimination. So it was felt that to avoid that charge the same policy should be followed in this matter as is followed under the Unemployment Insurance Act, which apparently met with general approval. The hon. member knows that there are many difficult cases; they have been brought to our attention, and certainly we are most sympathetic. Some of the boys who came back and had been at work a week or so found themselves in the centre of a labour dispute. That was so in the Ford strike, for which they were in no way responsible. The thing was looked into very carefully to see if there was not some way of dealing with such cases. The only way in which we have been able to deal with it was to say to the ex-service man unemployed on account of a strike, if it was likely to be long drawn-out, that he should take training under our act, make use of his time and get the allowance while he was taking training. There has been that attempt to deal with it without introducing discrepancies or giving rise to the feeling that there is discrimination in the administration of the two acts.

[Mr. H. O. White.]

Mr. GILLIS: I appreciate the government's desire to bring about uniformity as between the two acts, but I do not agree with my hon. friend that the charge of discrimination would be justified. I agree that the Unemployment Insurance Act is fair, and those who went on strike knew that the act would not apply to them. They knew very well what they were up against. But the boy who was overseas and who did not know the Unemployment Insurance Act came back here feeling that if he was out of work he was entitled to certain out-of-work benefits. We arranged that for him. Then he happened to drop into a first class row between the employer and the ordinary civilian employee. He is a victim of circumstances, and the out-of-work provisions of this act should be applicable to him. I do not think any member of the union who was not getting unemployment insurance would raise a cry because the government gave the soldier that benefit. There is a very clear line of demarcation between the two cases. I suggest it be given consideration.

Mr. TUCKER: We do endeavour to find work for those unemployed veterans. The only place we stopped short was at the very thing which has been described by the hon. member. It was stated in our literature which was distributed overseas that if they were then not entitled under the Unemployment Insurance Act they would not get any allowance. It was looked at sympathetically, but it was thought that if anything were paid to the veteran under this provision, veterans whose rights had expired would have an unanswerable case for similar treatment. It was held that you simply could not do this without upsetting your whole Unemployment Insurance Act, and that it was better to try to deal with the situation in other ways.

Mr. McKAY: Have many veterans taken advantage of this training programme while they are out of work in lieu of the out-of-work benefits they would otherwise have received?

Mr. TUCKER: Yes; many have applied. We have not here the actual number, but it was the definite policy to assist these veterans. They were made aware of it, and I understand that a substantial number did take advantage of the chance to get training when otherwise they would have been unemployed.

Mr. McKAY: The hon. gentleman is certain that a number have actually received that particular training?

Mr. TUCKER: Yes.

Mr. CASE: Which classes of veterans are not entitled to out-of-work pay?

Mr. MACKENZIE: Those who have been discharged over twelve months.

Mr. QUELCH: Would the minister or the parliamentary assistant explain the situation regarding the veteran with a dishonourable discharge? It will be remembered that when the Minister of National Defence stated that an amnesty had been granted to those who had deserted in Canada, he said they would not be in a similar position to those overseas, because they would not get the rehabilitation benefits. I was under the impression from what he said that those who had deserted overseas would not be denied rehabilitation benefits; those who deserted in Canada would.

Mr. MACKENZIE: As my hon. friend knows very well, for he was on the committee, we set up a board of review last year. Over a thousand veterans who were given dishonourable discharge have been granted gratuities, but not all the benefits under the legislation provided by parliament.

Mr. QUELCH: In view of the statement made by the Minister of Veterans Affairs, is it intended that now those men will be granted full benefits and not merely a gratuity?

Mr. MACKENZIE: I can assure my hon. friend that the matter will be completely reviewed in the light of all the evidence that a sympathetic and humanitarian department can discover.

Mr. BLACKMORE: I should like to ask the minister a number of questions about an unfortunate veteran of the second war, but perhaps it would take a good deal of time to deal with them. Will he not be just as well pleased if I ask the questions under item 961, and will he give me all the latitude I would have on this item? Then we can allow these items to pass.

Mr. MACKENZIE: Certainly.

Item agreed to.

Payments to or for veterans and dependents—

898. Hospital and other allowances—world war I—further amount required, $100,000.

Mr. COCKERAM: I think I brought this question up before: Will the minister consider the payment of gallantry awards to the men of the first war who won the military medal? There is an allowance for personnel who won the military medal in the last war.

Mr. MACKENZIE: Was that for Canadians or for imperials?

Mr. COCKERAM: For Canadians, who are getting it now.

Mr. TUCKER: As the hon. member knows, the imperial government paid these awards in regard to the first great war, and when we assumed the obligation to pay it to Canadians who participated in this war, of course immediately the question arose, should we not pay holders of the military medal in respect of the first war the same as we are paying those who won it in the last war. Of course we never assumed any obligation to pay any of the gallantry awards of the first great war; so the question arises whether we should make this principle retroactive to the first great war. That is of course a new principle. We have done some other things: for example, clothing allowance has been increased very considerably; the claim is that it should be made retroactive, and that arises in all these things. Representations have come in, but our committee did not make any recommendation on the matter. Of course if very strong representations are made the matter will, I suppose, receive consideration.

Mr. ADAMSON: Do I understand that the United Kingdom pays a gallantry award to winners of the military medal whereas the Canadian government did not in the last war?

Mr. MACKENZIE: Oh, no.

Mr. TUCKER: As a matter of fact the situation is that there was no gallantry award paid in respect of military medal awards in the first great war. Now a policy has been adopted in England and here to pay it in regard to this war. But as soon as we said we would pay it in regard to this war and assumed it as a Canadian obligation, some people suggested that if we recognized that there should be some monetary award in respect of the military medal in this war we should pay it in regard to the last war. That obligation has not been recognized in other parts of the empire, and if we paid it here there would probably be certain pressure in other parts of the empire to do the same thing. I think it would be a matter for some kind of common agreement.

Mr. ADAMSON: On what basis are these paid?

Mr. MACKENZIE: They were all placed on the record about ten days ago, when the main estimates of the Department of Veterans Affairs were under consideration by the house. I have not before me the page number of *Hansard*.

Item agreed to.

Soldier Settlement and Veteran's Land Act—

901. To provide for payment of grants to veterans settled on provincial lands, in accordance with agreements with provincial governments under section 35 of the Veterans Land Act, 1942, and payment of grants to veterans settled on dominion lands, in accordance with an agreement with the Minister of Mines and Resources, under section 35 of the Veterans Land Act, 1942, as amended (P.C. 1550 of 18th April, 1946) and item 466 of the main estimates—further amount required, $1.

Mr. HERRIDGE: This item provides for payment of grants to veterans settled on provincial lands, $1. That would indicate a somewhat limited programme. I should like an explanation.

Mr. COCKERAM: That is a Scotch dollar, too.

Mr. MACKENZIE: I can assure my hon. friend that it is only a change in the wording of the vote to make it possible for us to go ahead with a development with which he himself is very familiar.

Mr. McKAY: With what provinces have agreements been arranged?

Mr. MACKENZIE: With Manitoba, Saskatchewan, Alberta and British Columbia.

Item agreed to.

Soldier Settlement and Veterans Land Act—

902. To provide for purchase of land and improvements; cost of permanent improvements to be effected; removal of encumbrances; stock and equipment; refunds of surplus to veterans (section 19); and for protection of security under the Veterans Land Act—further amount required, $10,000,000.

Mr. CASTLEDEN: There seems to be a change here. The total amount in the main estimates was $13,000,000, and now we have supplementaries for $10,000,000. For 1945-46 it was $5,000,000; in the main estimates it is increased to $13,000,000—one would imagine the department would have a fairly good idea of its requirements—and then there is a request for $10,000,000 in the supplementaries. What is the reason for this eighty per cent increase?

Mr. TUCKER: There is $72,000,000 in the main estimates, and this work is proceeding more expeditiously, a greater number of applications being put through

[Mr. Tucker.]

Mr. CASTLEDEN: What is the total amount?

Mr. MACKENZIE: It is $82,000,000, including the main and the supplementaries.

Mr. CASTLEDEN: This is not itemized. The supplementaries give veterans affairs, loans and investments, soldier settlement and Veterans Land Act.

Mr. MACKENZIE: It is the same type as in the main estimates. It is 72 increased to 82 millions.

Item agreed to.

Veterans Affairs—

961. Treatment and pension examination—world war II—further amount required, $7,471,250.

Mr. BLACKMORE: I hesitate to delay the committee in connection with a matter which I feel it my duty to consider, and I am not sure I would have done so if I had not received a letter by air mail yesterday from Vancouver. The member from Temiscouata the other day told us about his receiving fan mail sometimes, and I too have received fan mail, as no doubt other members have done. This letter is in some respects an example of fan mail. I had better read it in order to open the discussion. It has reference to the case of an aircraftman named Lowell T. Campbell, R-160565. The letter is as follows:

John H. Blackmore,

Dear Mr. Blackmore: I would appreciate your taking action before leaving Ottawa regarding the above named. He was discharged from the Shaughnessy Military Hospital August 6, 1946, with a check for approximately $20. This is to cover the needs of himself and dependents until such time as the Canadian pension commission settle his pension status. Of this amount ($20) the proportion accruing to Lowell is $3.30 and the remainder for his dependents.

As you will note by his file, he has been receiving the sum of $117 covering himself and his five dependents. This is now arbitrarily cut off at a time when he has to make what preparations he can under the circumstances to get his children in readiness for school. His children, as you know, are scattered around among several families who have their own obligations to meet. This is a very urgent matter.

Please note Lowell Campbell was discharged from the Shaughnessy Military Hospital with his back in an iron brace to support the injured spine. In this condition he has been forced by the department to take a job as a watchman in order to maintain his family in lieu of pay and allowances until his pension is adjusted by the commission.

I think this crude action by the department should be publicly exposed. Here is a disabled man forced to take a job when every movement of his body is difficult and when he is in need

of constant rest instead of performing duties as a watchman. The Minister of Veterans Affairs needs assistance in the running of his business when such things as this can take place.

Will you please take action in this matter before leaving Ottawa and kindly notify me accordingly.

Thanking you for what you have done this session in cooperating with the writer in these matters I am,

Yours sincerely,

Walter H. Kirchner,
Secretary.

The letterhead is that of the Canadian Combat Veterans Association in British Columbia Incorporated.

I am not in a position to judge of the accuracy of any of the statements either in this letter or in the extensive file which has been forwarded to me in connection with the case of Mr. Lowell T. Campbell. I have desired throughout this whole affair to be perfectly fair with everybody concerned. I believe all hon. members will realize that if a member receives a letter like this he is under considerable pressure to take action. I have not been called upon to take action in connection with veterans' affairs this year. My party assigned me to three other important tasks at the beginning of the year and I have been attending to them; consequently I have not been able to give to veterans' problems the attention I have given them in the past.

Mr. HANSELL: You have been doing a good job.

Mr. BLACKMORE: I am therefore not in a position to discuss veterans' affairs at all, but this matter must be looked into. I will ask the minister a number of questions shortly, and they will enable him to give all the facts and answer all the statements that are made in the brief which I have received and put the whole matter clearly on the record for the defence of his own department.

My own impression has been, in watching the minister, that he has been very conscientious and sympathetic, and I think he is deserving of high praise and commendation because of his work. I do not believe for a moment that any of the irregularities complained about are in any way attributable to the minister's oversight. If anything, they are due to the tremendous responsibilities that rest upon him.

In order to be fair, this morning I called the minister's office at 9.50 and told his secretary that on this case a number of questions would be asked during the consideration of the minister's estimates. I did that in order to give the minister an opportunity to read carefully the file on Mr. Campbell. At 9.45 I called the office of the parliamentary assistant and left the same message. Hon. members will understand that I am not in any way treating this as a political issue. I believe there is an unfortunate situation here which ought to be examined into with the greatest of care, and the minister should be given the fullest opportunity to explain the facts so that we may be able to assess properly the condition set forth in this letter, regrettable as it is.

May I say one other thing before I proceed with my question? I believe this unfortunate soldier is at present in Vancouver. He is of a family personally known to me. His family lives in the constituency of the hon. member for Macleod. Had Mr. Kirchner known of the hon. member for Macleod, and the action which he takes on problems such as this, he would have brought the matter to his attention, and I am sure the hon. member would have been doing the same thing that I am doing at this time. Having made this explanation may I now ask the minister a number of questions? Then I shall send the questions over to him so that he will have the opportunity to answer them one after the other, if he chooses. If he feels that he should like to look through his files in order to obtain accurate answers for the record at a future time, then he should have that opportunity. These are the questions which I have drafted. They are not complete as yet, but I think they will elicit practically all the information essential in the matter almost up to the time that the letter takes on.

The questions are as follows:

1. Was Lowell T. Campbell, R160165, discharged from Shaughnessy hospital on August 6, 1946?

2. Was veteran Campbell's back in an iron brace to support an injured spine when he was discharged?

3. Had veteran Campbell been receiving $117 a month to support himself and five dependent children?

4. Had Lowell T. Campbell's wife been lost to him in February, 1945, leaving him under the necessity of placing his children in the homes of various relatives?

5. Would Lowell T. Campbell have been required to pay for each of these children, and was he required to pay $25 a month for board and lodgings and pay additional costs to cover clothing?

Hon. members will of course see the significance of question 5. We are trying to assess the adequacy of $117 which had been allowed Mr. Campbell.

6. Is each of these five children now between six and twelve years of age, therefore, requiring school supplies in addition to the $25 per month for board and room, the cost of clothing, the cost of medical and dental care, et cetera?

7. Would the British Columbia welfare organization demand at least $30 a month per child, plus family allowances, if that organization were to assume charge of the children?

I might explain to the members of the committee that I am informed that Mr. Campbell has placed his children out with various relatives of his. He did that some time ago when he came into great difficulties domestically through his illness and weakness, and these relatives have kept the children for a considerable length of time; but finally because of their own family responsibilities they find themselves unable to do so without money which would help them to defray expenses. What they request is $25 a month for board and room, plus the cost of clothing and of course plus the cost of equipping the children for school, and dental and medical services. All hon. members will understand that.

8. Would the cost of supporting his five children therefore constitute for veteran Campbell a monthly expense of at least $125 besides the family allowances?

9. Did the minister's department give effective thought to the question, how was veteran Campbell to get $125 a month out of $117 a month which the minister's department allowed him?

10. When veteran Campbell was discharged from Shaughnessy military hospital on August 6, was even the $117 a month cut off arbitrarily?

11. Was veteran Campbell discharged from Shaughnessy military hospital on August 6, with a cheque for approximately $20?

12. Would $16.70 of his cheque be apportioned to veteran Campbell's five children to support them and fit them up for school, leaving, of course, $3.30 to support veteran Campbell until, with an iron brace on him to support an injured spine, he could take a job and receive his first pay cheque?

It would be a good thing if I asked no more questions at this time but gave the minister an opportunity to answer, if he sees fit, some of those I have already asked. I shall then come back to others, because the questions I have asked so far complete one aspect of the veteran's case.

Mr. MACKENZIE: I wish to thank the hon. member for Lethbridge for the courteous and considerate way in which he has presented the case. Unfortunately, although he and I have had extensive correspondence about this case for many months, I did not until about ten o'clock this morning get notice of his intention to raise these questions on the estimates this morning.

Mr. BLACKMORE: If the minister will permit me, the letter came to me by air mail only last night; I took the first opportunity.

Mr. MACKENZIE: I am not criticizing my hon. friend in the slightest degree. It so happens that the chairman of the pension commission is absent on other duties this morning, and I was not able to get in touch with him in regard to the details of this case. Every question asked by my hon. friend is now on the records of this parliament, and I can assure him that a reply will be given to every one of them so far as we are able to do so. I think I know the details of this case fairly well, but I would not be prepared to answer the questions specifically at this moment. I can assure my hon. friend, however, of my sympathy and of my readiness to review every single question he has asked and supply him with an answer. If I am absent, my colleague, the hon. member for Rosthern, will supply the answer before parliament prorogues.

Mr. BLACKMORE: It would be to the great credit of the minister if the veterans all over the country could have been looking in on him and could have seen his face and his eyes as he gave that little speech, because the minister is full of sympathy and consideration. I wish to put that on record because the expression of his countenance cannot go on *Hansard,* but it is a part of the whole proceedings.

If the minister will agree I shall give him some more questions so that he may have them all before him at the same time. We now enter another aspect of this case which, if reports reaching me are correct, is literally fraught with regrettable difficulties.

13. Did veteran Campbell on March 19, 1942, enlist as a member of the ground crew of the R.C.A.F.?

14. Was veteran Campbell at the time of his enlistment sound in physical health?

15. Was veteran Campbell sound economically on enlistment? That is, was he able to work at various jobs and support his family, and was he doing so—raising a family of young Canadians for future time?

16. Was veteran Campbell upon enlistment sound mentally and emotionally? I may say to the minister and to the committee that veteran Campbell has been lacerated because of certain remarks put on his file which would seem to reflect upon his intelligence and emotional stability. This has greatly aggravated the mental anguish under which this veteran now suffers, and that is the reason for the question.

17. Was veteran Campbell injured while on military duty?

18. Of the successive incidents which resulted in further development toward veteran Campbell's present state of partial physical incapacity, were several the result of official decisions and actions taken by various men for whose official decisions and actions the government of Canada is directly responsible?

19. For example, was it a Canadian officer before whom veteran Campbell came on sick parade on the April morning following his injury?

20. Was it a Canadian officer who on May 5, 1942, told veteran Campbell that his back was normal, and that the injury was just a sprain, and that aircraftman Campbell could carry on with full duty?

21. Was it a Canadian officer who assigned aircraftman Campbell to work in hospital at No. 2 S.F.T.S., Uplands, Ottawa, where one of this aircraftman's duties was to wax floors?

22. Were they Canadian officers who, when aircraftman Campbell reported his condition to them, treated his reports lightly, asked him such questions as: "Where is the pain this morning?" in a partly flippant and ridiculing manner, and who treated him with physiotherapy by means of heat pads, while the aircraftman assured them that the pain was only intensified by the treatment?

23. Was it a Canadian officer who, after June 24, 1942, ordered that aircraftman Campbell be sent to Ottawa civic hospital where under the care of Doctor Young a body cast was applied to the aircraftman for four weeks, and later a body cast extending down the left leg to the ankle for eight weeks, and later more heat treatments were given?

24. Was it a Canadian officer upon whose orders aircraftman Campbell was then taken to the Daly building to Doctor J. P. S. Cathcart, psychiatrist, where he was questioned about his past life, his family and his father's family?

25. Was it through the remarks or hints of a Canadian officer that it was intimated to aircraftman Campbell by October 1, 1942 that the aircraftman would do well to seek his discharge?

26. Was it through orders of a Canadian officer that discharge papers were brought to aircraftman Campbell to sign, which papers the aircraftman refused to sign?

27. Was it through a Canadian officer's orders or hints that the padre, approximately the last of October, 1942, told aircraftman Campbell that he had been struck off strength, thereby causing aircraftman Campbell to ask for immediate discharge and to receive it on October 31, 1942?

28. Was it on order of a Canadian officer that aircraftman Campbell was transferred to Christie street hospital, from which aircraftman Campbell was discharged on December 21, 1942, and sent home to Alberta?

29. Was it on orders of a Canadian officer that Campbell was discharged from Belcher hospital, Calgary, on May 5, 1943? May I at this point observe, for the sake of hon. members who, I notice, are following my remarks closely, that it was clearly to be seen that the aircraftman was unable to do heavy physical work. And yet when he was discharged from Christie street hospital and sent home to Alberta he had no alternative but that of engaging in hard physical work such as ranching and other kinds of work he has been doing. The result was that, naturally, on account of his weakness, he became afflicted again and had to seek admission to Belcher Hospital. He was discharged from Belcher Hospital after a very few days. Of course by that hon. members can clearly see that someone representing the government needed to have his actions reviewed.

30. Was it on orders of a Canadian officer that Campbell, in his weakened condition, was denied allowances adequate to support himself and his family without going to work at heavy labour?

31. Was it through Canadian officers that Campbell was refused attention by Shaughnessy hospital when he applied for attention, (1) alone; (2) in company with the provincial president of the army and navy veterans in British Columbia, although later, after Campbell had consulted Doctor Frank Emmons, he was finally admitted to Shaughnessy hospital on January 16, 1945?

The minister has suggested that the parliamentary assistant will deal with these matters at a later time, when he has had time to

examine them. Therefore I believe I have given sufficient for the present. I shall have more questions after the parliamentary assistant has had a chance to review the case.

These questions, I may tell the parliamentary assistant have to do with the responsibility of men in Shaughnessy hospital who operated on Campbell, even although there was present Doctor Frank Emmons, a specialist, whose skill at diagnosis revealed for the first time the ailment from which Lowell T. Campbell suffered. According to the information I have —and I shall put the questions to the minister so that he can answer them categorically—this soldier had tried in various ways to get officials in Shaughnessy hospital to permit Doctor Frank Emmons to consult with them and to be present when the operations were performed. Doctor Frank Emmons had conducted careful diagnoses with X-ray plates which, to a skilful man like Doctor Emmons, indicated exactly what was the matter with this man. He had been injured in exercise and a dislocation of certain vertebrae in his back had taken place. The only possible cure would be an operation which could remove that deficiency. But men who apparently did not possess the skill to diagnose the case nevertheless ventured to operate on the man, and to treat the case without knowing even how to diagnose it. Notwithstanding the fact that Doctor Frank Emmons, who was the private doctor of this soldier, was willing to come and either operate or consult while the operation was being performed, his offer was not accepted. I have asked a number of questions which will probe into all that. Hon. members will realize that all this has an important bearing upon the responsibility which the dominion government must assume with respect to the weakened condition of this airman.

May I thank the minister and his parliamentary assistant for the most attentive and sympathetic hearing they have given, and I should like also to thank the members of the committee for their earnest attention. In order to bring out the seriousness of this matter I should like to suggest something which perhaps need not be suggested. I was thinking how easily this might have been the case of the splendid young member for Vancouver-Burrard whom the minister honoured the other day in appropriate terms by commending him upon winning the Victoria Cross. How easily it could have been any one of the excellent young soldiers who have been sent into this house, every one of whom constitutes an asset to the house. How easily it could have been one of my sons; how easily it could have been my brother or the son or brother of any hon. member. When we realize that I think we will appreciate more readily how serious this matter is and agree that even at this late date in the session, we can afford time to probe into it. After all, this is the high court of parliament, and if there is any court that needs to have a reputation for justice, it is this one.

I believe we should delay long enough to see that justice is given. May I ask the minister when this matter can come up again? I suggest that the item be held over until some time this afternoon, when the parliamentary assistant can answer. If it is not held over, what can be done about giving me an opportunity to ask these questions.

Mr. MACKENZIE: My hon. friend has asked something like thirty-one questions, and it will be necessary to consult with the defence services, because they are involved in regard to Campbell's service. It will be impossible to make a reply this afternoon. The reply may have to be in the form of a return, because it involves two or three of the services and it may not be possible to get this information before prorogation. However, I give the assurance to my hon. friend that it will be obtained, and I suggest that the item be allowed to pass with that assurance.

Mr. BLACKMORE: May I be permitted to ask the remaining questions this afternoon, and in the meantime perhaps the item could stand? I should be happy to allow the matter to be then put forward as the minister has suggested, but I am entirely in his hands.

Mr. MACKENZIE: I think I have been as reasonable in this case as anybody could be, and I think we should pass this item. I have given a specific ministerial assurance as to the attention that will be given to this matter. I cannot possibly be in position to give more information this afternoon than I can give now. I think my hon. friend has done his duty in presenting this case to parliament, and I think I have done my duty in giving him the assurance I have, that the case will be completely reviewed in conjunction and in consultation with the other services involved.

Mr. BLACKMORE: I accept the minister's word on this matter, because I know he will keep it, but I should like to have the opportunity this afternoon of putting the other questions on *Hansard*.

Mr. MACKENZIE: Put them on now.

Mr. BLACKMORE: I should like to have more time in order to have them more specific.

Mr. MACKENZIE: Surely my hon. friend knows in a general way what he wants to ask without having to be specific. Let us pass this item.

Mr. BLACKMORE: I want to be very careful about the wording of my questions, because we are dealing with men and I do not want to hurt anybody's reputation. This question is likely to cast a cloud over some of these men who were charged with the responsibility of dealing with Lowell T. Campbell's case after he was admitted to Shaughnessy hospital. Apparently some of these men have been guilty either of culpable ignorance or of culpable dereliction of duty. We cannot blame a man for being without the knowledge which would enable him to diagnose, but we can blame him for neglecting to use the services of a man who had established himself as being able to diagnose.

Certain men dealt with Lowell T. Campbell on his admission to Shaughnessy hospital in 1945. An explanation should be given why these men took the measures they did, most of which resulted in a serious aggravation of Lowell T. Campbell's condition. They operated on him several times, making serious blunders. My information is that they treated him by injecting substances into his hip and buttocks, whereas the private doctor of aircraftman Campbell stated that before the man had gone into the hospital there had to be an operation.

I should like the minister to go into detail with regard to the decisions that were made regarding Lowell T. Campbell's treatment after he went into Shaughnessy hospital. It will be necessary for the minister to establish that those men were not derelict in their duty. The result of their work has been that Lowell T. Campbell apparently is unable to do the work which it is necessary for him to do in order to raise his splendid young family of five children, give them an education, and discharge his other responsibilities as a citizen.

Mr. MACKENZIE: With regard to my hon. friend's last question, I want to say that I think I know Shaughnessy hospital as well as anybody in Canada. If I can say it without being boastful, it is largely my own creation and is supposed to be the most efficient military hospital in the Dominion of Canada. Until recently the administrator there was George Derby, our western regional representative, one of the ablest men in the Department of Veterans Affairs. He had been twenty-seven years with the department. The present administrator is Mr. William Roaf, who distinguished himself overseas in the present war.

I do not know who the doctors were on this particular case, but the doctors at Shaughnessy are as efficient as any in the Dominion of Canada. I know that to be true. But I must tell my hon. friend that if he is making allegations of improper attention in this case I shall have a court of inquiry established at once. Of course that will take some time, and its findings will not be available for this session. But they will be available for the next session of parliament. I am absolutely satisfied in my own mind that we have as able a staff in Shaughnessy hospital as there is in any hospital in the country.

Mr. BLACKMORE: I agree completely with the minister. I am not making any allegations; I am just a poor, ordinary member of parliament—

Mr. MACKENZIE: I am not complaining.

Mr. BLACKMORE: —trying to help.

Mr. MACKENZIE: Let us get on with the work.

Mr. BLACKMORE: This case has been brought before me; I should like to read to the minister the findings of Doctor Frank Emmons, this man's specialist, as made on December 4, 1944. As a result of this doctor's examination he found, and I quote the doctor's words:

> A rupture of two of the cartillagenous discs, cushioning the vertebral bones of the spine, with pressure on the spinal cord.

In the light of that diagnosis the minister will see the absurdity of such treatment as putting this man in a plaster cast, applying heat, and injecting substances into the buttocks and other parts of his body.

Mr. MACKENZIE: I am sure my hon. friend does not want me, a layman, to adjudge questions of medical treatment. We shall be glad to look into the matter.

Item agreed to.

Progress reported.

RADIO BROADCASTING ACT

CORPORATION TO RECEIVE LICENCE FEES—ADVANCES ON ACCOUNT OF CAPITAL EXPENDITURES

The house resumed from Friday, April 23, consideration of the motion of Mr. McCann for the second reading of bill No. 391, to amend the Canadian Broadcasting Act, 1936.

Mr. D. G. ROSS (St. Paul's): Mr. Speaker, when the house rose last night I had made a few remarks on the monopolistic position of the Canadian Broadcasting Corporation. With more and more power being placed in

the hands of the corporation, the situation is getting worse. The corporation writes its own regulations, both for itself and for its competitors. It dictates to the private stations what they shall carry, and it controls completely the dissemination of all radio news when broadcast over its own network and indirectly, through restrictive orders, when carried over private stations. The corporation has power over all broadcasting, and there is no appeal from its decisions except through the channel of parliament. Yet it can be dominated by any political party which might favour the continuation of this semi-public system as the most important and powerful factor in political control. I think the country should be freed from this unhealthy state of affairs.

I think also that the private broadcasting stations should be afforded some relief. That is why they came before the parliamentary committee. From the evidence given before the committee there is no doubt that the corporation does not intend to give up the power it has unless it is forced to do so. As has been stated, it is in the peculiar position of holding in its own hands legislative, executive, judicial and police powers, and that pertains not only to its competitors but in some degree to the listeners as well, because C.B.C. can and does decide what the listener shall hear and when he shall hear it. With the development of television and facsimile the situation will get worse. The range of facsimile being so small, and the facsimile stations having to be fed from one source—a complete monopoly. I submit that no government which pretends to be democratic would allow such powers to be placed in the hands of the corporation. The Canadian Association of Broadcasters indicated how they had to go about making any representations to the corporation. The situation as stated by them, and this is on evidence in the record, was that they were required to state their case to the board of governors in the presence of senior officials of the C.B.C.—

Mr. IRVINE: Mr. Speaker, I rise to a point of order. I wonder if the hon. gentleman will broadcast a little louder, because his transmitter is somewhat weak.

Mr. ROSS (St. Paul's): I think I need a new transmitter this morning. As I was saying, they are required to state their case in the presence of senior officials of the C.B.C. Then they retire, and in camera the board of governors hears and decides on their representations. No opportunity is given to the private broadcasters to make any rebuttal or to correct any misapprehensions there may be on the part of the board. It is said in the report that the private broadcasters have no grievance, but that method of hearing their representations is a serious grievance in itself. To me it seems intolerable. The one recommendation which the Canadian Association of Broadcasters made to the committee was one which they had reiterated for many years before former committees. It was this:

> We believe and recommend that the public interest would be served by creating a radio board of appeal—an independent tribunal holding open meetings to which both branches of the radio industry possess free access in the customary judicial manner.

This has been an urgent and burning question for some years, and although the report says "Your committee in making these suggestions desires very emphatically to declare that it is not even tentatively giving its blessing to the proposals," the committee was by no means unanimous on that point.

The position of CFRB has been dealt with ably by the hon. member for Eglinton (Mr. Fleming). It is not for CFRB that I am speaking particularly, but for the metropolitan area of the city of Toronto, and farther afield than that, in connection with CFRB. Its coverage extends as far as London on one side on Kingston on the other and far to the north. There is no doubt that CFRB has given this area a splendid service. It was established before the committee that CFRB has the largest listening audience notwithstanding the two public stations of the C.B.C. serving this area. I am certainly not convinced by the evidence given before the committee that any better service can be given than is given by CFRB; nor am I convinced that we shall get as good a service by C.B.C. taking over that wave length. If CFRB is deprived of its present wave length, it will be required to spend at least $300,000 on new equipment, without compensation of any kind when it is assigned a new wave length. This is a very serious matter. I do not agree that no compensation should be paid. I am not a lawyer, and I cannot express any opinion on the legal position as to compensation. Certainly that is not a question for the committee to decide, but one for the courts. But not only that; at a time like this, when taxes are so high, the least we can expect is that a government or a government corporation should try to reduce its expenditures as much as possible. The taking over of these three wave lengths, in Calgary and Winnipeg and CFRB, Toronto, is going to cost the corporation anywhere from one to two million dollars; as a matter of fact nearer two million dollars.

The corporation in its operations over the last couple of years, instead of making money, has gone behind in the neighbourhood of $300,000. Also it has not set up a reserve. It is said that this is only a matter of bookkeeping, but the facts are clear: if you make a deficit and do not put up a reserve you have lost that much money.

Station CFRB have given a good service to the city and region. Thinking that they would be able to retain their wave length, at considerable expense over the years they have developed their facilities and have encouraged professional talent, in this respect doing something which a great many stations have not done. I have spoken to a good many professional people in the city, both on CFRB and CBL, and I know what they have been doing. I believe they deserve some consideration, as do the listeners of Toronto. Further than that, this private station CFRB has not cost the taxpayers of Canada one cent, and over the years has paid into the treasury taxes in the amount of $575,000. If C.B.C. takes over this wave length the corporation will be required to spend on the station they take over, for equipment for broadcasting alone, at least $300,000.

Private stations are being relegated to the position of subservient vassals of the C.B.C. by the policy of the broadcasting corporation. The very fact that it is said they like a broadcasting chain goes to show that they want to get on the chain, but instead of being developed they are being dominated more and more all the time. Mr. Dunton stated in the committee that in the scheme of radio there is a "big place" for local commercial stations. The national radio authority, he declaimed, sought to encourage their operation on a local basis, "under impartial and benign supervision." But it is abundantly clear that what he called "a big place" is destined to diminish to the point of being negligible, if not invisible, under the actual and ruthless application of C.B.C. policies.

I want to say a word about radio frequencies. We can go back to the time when Mr. Bennett had the investigation made and the commission set up. One reason for this was the increasing chaos in the field of broadcasting; things were getting in very bad shape. The second reason was that Canada was losing channels to the United States, and while the voice of the broadcasters singly could not be heard, the voice of the government of Canada diplomatically could be heard. Order was brought about through the North American conference, frequencies were allotted to Canada, and a Canadian programme was outlined. But times have changed very rapidly. Is Canada again going to lose and suffer more radio interference through the policy which the C.B.C. have followed of keeping down the power of stations which should go up? It seems to me it is a stupid policy. Not only that, but when the conference took place the officials and engineers of C.B.C. were the ones who were there making the arrangements. At that time the private broadcasters asked that they also be represented—they had a big stake—but that was not permitted. It is all very well to say that we have the best engineers in the country, and so on, but you know that in a big law case one does not depend on one person; he calls in counsel and gets their opinions. Canada is a country of approximately twelve million people scattered over a vast area. As time goes on, there is no doubt about it, we shall fill up and we shall need all the channels we can get for our broadcasting.

In regard to radio frequencies we had the evidence of Colonel Bailey, professor of electrical engineering at the university of Toronto, a man of very high standing, who did a great deal of secret work during the war for the government of Canada. He must be a good engineer; he received the O.B.E. for his services in a technical field. Profesor Bailey has been before the radio committee in times gone by, and has pointed out at various times that through the policy of the C.B.C. of keeping the power of stations down to one kilowatt and less, we were losing channels and that we will be losing more all the time. As a matter of fact I believe it was through his evidence that the new policy of allowing five kilowatts as the maximum for private stations was decided upon. I take a little credit to myself for that. But if this policy is still followed and we do not have our stations go up to full power, Canadian stations will be in a much inferior position and will be subject to more interference all the time from the United States. Professor Bailey stated at a meeting of the committee in 1943:

> I think that after the war is finished and we get the completion of the occupation of frequencies on the Havana agreement, we will be perturbed as to how small our coverage is, especially at night.

In his evidence on page 433 before the committee this year, in answer to a question which I asked him if, by keeping power down, we were in danger of more and more interference from the United States, he said:

> While admittedly the Toronto area is probably the worst area in Canada because it projects down so close to the American border,

the tendency is more and more that people to the south of us are filling up the air with five to fifty times the speed which we are.

He gave some very interesting information as to the difficulties. As soon as possible we should give our stations the opportunity to go to their full power. If Canada has lost the full use of the channels which were allotted to her, and if she loses more in the future, the C.B.C. and government policy will be directly responsible for this arbitrary action.

It is wrong to say that we have two types of broadcasting in Canada. There are or should be three. We have a national system, a high-power network, but there are also the regional stations, of which no mention was made. A regional station such as CFRB could be more useful if it were high powered and it covers a larger area than a single community; but there are also the small community stations. Some of these stations are not really doing the job because they have been hampered by arbitrary limitations of their power. There should not be such limitations. In Canada to-day we have three networks; the trans-Canada, consisting of seven C.B.C. stations and seventeen basic stations affiliated with them, operating sixteen hours; the French network, three C.B.C. and eight basic stations affiliated with the C.B.C.; and then there is the dominion network which has one C.B.C. station and twenty-eight private stations.

The policy is to operate the dominion network longer, that is, to increase the number of hours on the air; and the reason given is that the listener should have a choice of two programmes. I agree that in certain parts of Canada there should be a choice of two programmes, but the private stations have not found it possible to bring this about. In my section there are a number of choices of programmes. There is a choice among many private stations; there is a choice among United States stations, so that Ontario listeners in that section have more than two selections.

Why spend the taxpayers money to give them more than they have now? It is better to use the private stations already established and let them go up to their full power in the meantime. Changes in radio to-day are so rapid that we do not know what will happen in the near future. Why not wait, therefore, for a year or two, and allow the private stations to go up to their full power? In fact, make them go up, instead of biting off more than you can chew and losing more money on the corporation in the next year or so.

The question of networks comes up. Without networks, stations cannot perform their proper function. There is no doubt about that. It was stated in the committee that the private stations could not be allowed to buy wire from the wire companies because C.B.C. had to have the use of the wire. But the C.B.C. does not use all the wires in Canada; there are many more. There is no reason why from time to time private stations should not be allowed to perform the function of network broadcasting, thus giving the people another choice. Not only should they be allowed to do it; I say they should be made to do it in the interests of the country.

A word now about radio fees. Last year we collected $4,260,379 and the cost of collection was $527,435, or about twelve per cent of the amount collected. These were licence fees for private receiving sets only. There were 1,745,916 licensees from whom we collected money last year. There is also the cost of policing, seeing to it that people pay their fees. There were 8,749 convictions last year. The sum of $2.50 is collected from a man who has one radio set and from the man who may have fifteen sets. That is what is paid, and the old pensioner has to pay the same sum, $2.50, for his receiving set. There is no justice in that. But why should a person, because he has a radio, have to pay a licence? Why should not the person who listens pay, whether he has a set or not?

An hon. MEMBER: You might as well pay a licence fee for a washing machine.

Mr. ROSS (St. Paul's): Yes. There is no rhyme or reason in it and it ought to be cut out. Apart from these 1,745,916 licences that were issued, I wonder how many more ought to have been sold. I do not think it is possible to see that everyone pays the licence fee.

So far as the minister's own department is concerned, I have made a rough calculation and I believe it costs eight tenths of one per cent to collect his whole revenue, and here is twelve per cent being paid to collect these licence fees, or a loss to the people of Canada of $527,500. The minister asked me in the committee whether I had a suggestion to make. I have. The corporation must have a limitation upon the amount they should have. Taking the collections amounting to $4,260,000, and the population of 12,000,000 so that is roughly 33 cents per capita. Suppose we gave the corporation forty cents per capita; that would be a basis on which to suggest how much money they could spend. Many people do not like to be bothered with this licence fee, especially nowadays when nobody may be in when the collector of the fees calls; or the householder may have forgotten to buy the licence and someone comes to the door

and tries to collect. It is a nuisance, and it is ridiculous to have these people prosecuted as criminals for not paying their licence fee.

As I said at the beginning, it is about time we had an independent tribunal set up—not a political parliamentary committee, because that is what committees always are—to review the whole question of radio broadcasting in Canada. The report which is now before us might just as well have been written by the C.B.C. In fact I almost thought it was when I went to the meeting. There is no criticism in it. It is the greatest piece of whitewashing that I have ever seen.

Although the C.B.C. have done a good job —I am not uncritical of them—what is needed is a revision of the act, and it should be done as soon as possible.

I shall not discuss the bill now. I shall wait until we get into committee.

Mr. THOMAS REID (New Westminster): I rise at this time to make a few remarks about this bill, and to criticize some of its provisions and also some of the omissions from the report and from the bill.

First of all may I say that as one who listened to the speech of the Right Hon. R. B. Bennett when the bill setting up the C.B.C. was introduced, I should like to correct one general misinterpretation. Those of us who sat in the house at that time did not visualize or realize the C.B.C. set-up which we have to-day. I say that unqualifiedly. Those of us who listened to the speeches on that bill visualized something like the Canadian National Railways. We visualized a set-up like the present air service, so that if anybody wanted to enter into competition with the Trans-Canada Air Lines they would go before a different board entirely and ask for a licence. If you want to run a railway you do not go before the Canadian National Railways, and ask for permission. The same principle applies to air services. I think we should definitely keep that in mind, when discussing the C.B.C.

I have heard the leader of the C.C.F. and some hon. members on this side say that there is something wrong now when we criticize the C.B.C. When I have taken exception to some of the things that have happened they say to me: "You voted for it, didn't you?" Of course I voted for it, but I doubt whether I would vote for it to-day if it came before the house, particularly in the light of what has taken place since the commission was set up.

Nothing much was done on the committee, and I am not making any carping criticism of the members of that committee with regard to the appeal board, but anyone who has had any experience at all in going before the Canadian Broadcasting Corporation, and I have, cannot help but feel if there is one thing needed more than another it is a board to whom the public and the people of Canada can appeal when unjust decisions are made.

I want the Minister of National War Services (Mr. McCann) and the Minister of Reconstruction and Supply (Mr. Howe) to consider the case I have in mind. In the city of New Westminster we were good enough to have a licence for a radio station granted. It was meant to serve the district and the city of New Westminster. The owner of that station was given a frequency of 1230 on the dial and 250 watt power. After they had been in operation they experienced a great deal of criticism from the stations in Vancouver because of the aggressiveness and the splendid programmes put out by the owner of the station. Protests were made to the C.B.C. that the station in New Westminster was crippling them. It was not long before we found out that 250 and 1230 on the dial covered only a certain portion of the district. During the day you could hear the station fairly well for a distance of about twenty miles out; but those living close to the boundary found that at night time there was so much interference from radio stations across the line that it practically blacked out radio station CKNW. Therefore an appeal was made by the owner of CKNW to have a change made. I do not like to say this, but I think he made the unfortunate error of asking a member of parliament to assist him. I know there are a lot of carping statements made about the interference, so-called of a member of parliament. I am making no apology, for when one of my constituents appeals to me and tells me that he believes an injustice has been done I shall make some representations on his behalf. I maintain that it is the duty of a member of parliament, if he is truly representing his people, when an appeal is made to him with regard to an injustice, to see what he can do about it. An appeal was made after being refused by the C.B.C. Since we were sitting in Ottawa I was asked to go before the board, and I did so. I think perhaps it was a mistake, because it was intimated quietly to me that it was just too bad for a member of parliament to appear on behalf of anyone.

Taking the view of the leader of the C.C.F. that politics should be kept out of it, I wish to say to him that if he wants to represent his people fully and truthfully and faithfully he will fight for them when he believes they have a grievance. Apparently it is now felt

by some that it is wrong for a member of parliament to listen to an appeal. If a man has a case before the Canadian pension board and fails, are we to tell him when he comes to us that it is political interference? Will any member of parliament care to do that? It is up to us to fight on behalf of our constituents when we feel they have a case. Parliament is the court of last appeal. If any member of parliament cannot be appealed to on any matter, then democracy is gone. I view with alarm what has taken place in the past.

Let me return to the case to which I was referring. Station CKNW was allotted, as I said before, 1230 on the dial. The only other station on the same wave band is in the district represented by the hon. member for Peace River (Mr. Low). That station is located at Prince George and appears at 1250 on the dial. Prince George is in the interior.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. REID: When the house rose at one o'clock I had been dealing with the high-handed methods, or what I termed the high-handed methods, of the C.B.C. in dealing with appeals which came before them from private stations. I am going to repeat what I said, because I think it is worth repeating. I was pointing out that when the C.B.C. was set up, not a man in this House of Commons ever visualized that it would ever have or obtain the control and authority it has to-day.

I have maintained that we are acting dangerously for our democracy in that we are taking a heritage of the people, and not making the board responsible to the people. We have in fact set up a board which is above the people themselves. I had mentioned that perhaps it was unfortunate that I appeared before the board on behalf of the local station in the city of New Westminster—at least that is my view, until I get a better answer as to why they refused the application. Until I get that answer I will stay by the statement I am now making. Be that as it may, the residents in the Fraser valley, twenty miles or more out from the city of New Westminster, found that this radio station was practically blacked out at night time. They have a frequency of 1230 on the dial, and because these people live close to the boundary line the frequencies allowed United States stations come in, with the result that radio programmes presented over CKNW after six o'clock at night are not heard twenty miles away—in fact sometimes only sixteen miles—from the radio station.

The owner applied for a change in that frequency. To prove what I am saying regarding the high-handedness of the Canadian Broadcasting Corporation, may I point out that there are only two stations in British Columbia which have a frequency of 1230 on the dial, and 250 watt power. The other station is some 600 miles away, and conditions are such at that point that, even if the station in Prince George had 5,000 or 10,000 watts, we in the valley and in Vancouver and New Westminster would not hear the Prince George station. That is well known, because I believe even the Vancouver station, with over 5,000 watt power, is not heard beyond the mountains. Prince George is just through the mountains so that their radio station with a low power of 250 watts, and 1230 on the dial covers only a small district around Prince George. As I say there could be no reason at all for the Canadian Broadcasting Corporation to reject the application made by the local station in New Westminster to change the frequency because it was not interfering with, nor would it interfere with, any other station in British Columbia. Oh, yes; it did interfere with some of the larger stations who, shall I say, became a little bit jealous because the station for which the licence was granted in New Westminster soon became one of the most popular stations in the Vancouver-New Westminster area. I do not know whether the committee studied what I am going to mention, but I have looked through the report and I cannot find mention of it anywhere. I am subject to correction, of course. I cannot find where they discussed whether the C.B.C. was as popular, or discussed its popularity as compared with that of private stations.

Let me tell you why I am asking that question. I have here—and private individuals are not supposed to have them because they are given only to radio stations—a publication put out by a firm in Toronto called Eric Hayes Limited. This company goes out and take surveys, similar to gallup polls, among radio listeners. For instance, they telephone to housewives and say, "Are you listening to the radio?" Mostly the reply will be "Yes". The next question asked is, "What station are you listening to, and what programme?" With this information they turn out a report each week to every private radio station. This report, which I hold in my hand, shows the following, that the programmes of the C.B.C. have the least number

of listeners in the New Westminster-Vancouver area, or a lesser number than those of the private stations. I do not know whether the committee discussed that matter or that phase of it. But if they did not, I suggest that when the committee meets next year they certainly should take it up, and try to get an opinion on the question whether C.B.C. programmes hold a place in the public life and confidence of our people as favourably as that held by private stations.

Mr. SMITH (Calgary West): May I tell the hon. member that that was discussed, and evidence was given with respect to the Toronto area. It disclosed the same condition in that area that the hon. member has mentioned with respect to British Columbia, namely that CFRB in Toronto, according to the Hayes rating, was above the C.B.C. 50,000-watt station in Toronto.

Mr. REID: I thank the hon. member for that information. So that we in the cities of New Westminster and Vancouver are not alone in the matter to which I have just referred.

I am going to continue with one further point. In the report of the committee and in the bill before us there is a proposal to increase fees. Yes—not exactly to increase fees; they are not honest about it, because they are actually increasing licence fees in a subtle way. Why do they not come out boldly before the public and say, "We need an extra fifty cents"? They will get pretty close to forty cents from the people of Canada, because the cost of collecting those fees is not going to be deducted, if this bill passes, from the $2.50 radio fee. In other words, Mr. Speaker, about fifty per cent of our people who have no radios, and no licences for radios, are going to be taxed for the collecting of fees. If you take the number of licensed owners as 1,745,916, and multiply it by four, which would be the average number listening in on each radio in any home, you will find it comes to about seven million people. So that there must be about five million people who do not listen to radios, or who have no radios at all. But these people are going to contribute to the public treasury of Canada a sum running up to $500,000 to pay for the collection of radio fees for which they receive no benefit. As I say, it is one of those subtle ways of raising the licence fee. Why do they not come to the people of Canada and say, "Look here, we are giving you first-class programmes"—which is a debatable point—"we want more money, and we recommend that the licence fee be raised by twenty-five to fifty cents." But no, they know that would not be popular. That however is the test. If the C.B.C. stands high in the estimation of the people of Canada they would gladly agree to an increase in the licence fee. Just note that they are not proposing to the people of Canada in this report that they raise the licence fee, they are doing so however, and that is one of the reasons why I am going to oppose the bill.

Mr. HACKETT: No, you won't oppose it.

Mr. REID: Did I hear someone say no? I sat over there once, and watched the scene over here. The hon. member who has just interjected knows that what I am doing is for the people of this country—and that is the only reason that is prompting me. I am trying to safeguard the interests of the general public when I speak to-day. Oh, I know that if you want the emoluments of office, or if you want to be put into the senate, or want recognition as a cabinet minister, you had better slap backs, not slam them. I know that. I have seen men do it. I have been here sixteen years. I was elected by the people of New Westminster constituency, and I have always considered I have a duty to all those people. I have never been afraid to get up here and champion their cause, without looking for personal reward. If I had been looking for personal reward from the government I might have been a back-slapper and everyone knows what that means. I am also going to try to keep this government Liberal, if I can.

Mr. GRAYDON: You have undertaken a life time job.

Mr. REID: The trouble is that I might have to live too long to do that. I am sincere however, in my opposition to this. It may not be popular in my riding or in the government. I feel keenly about this usurpation of power which belongs to the Canadian people, this placing of power in the hands of boards which are becoming our masters rather than our servants. Every time I know that a man is up against any body or official I am going to do my utmost to see that justice is rendered; for where else can the appeal be taken?

While one of the hon. members from Toronto was speaking the other night I asked him a question. I was wondering whether he was in favour of giving newspapers the right to operate radio stations. This is something we should be very careful about. The newspaper is one of our media of free expression, and it is able to control news and other items which it publishes. If a man however is denied his rights, if he is not permitted the use of a

newspaper, he should be able, if he wishes, to use the radio to tell the people about it. If the same people are to also have control of the radio station that in my opinion would be placing too much power in the hands of one person or business concern. I am going to suggest that when the committee meets next year it deal with this very matter and bring in a recommendation that newspapers be not also granted the right to operate radio stations.

I know everyone wants to get home, and I may be accused of delaying the house, but I felt that I must get up in my place and say what I have. I contend that there should be an appeal board. I have referred to the case of CKNW in New Westminster, which found itself thwarted because the corporation would not grant it its just request. I went before the corporation with this case on the suggestion of a minister. I asked if it would be all right, and he suggested that I go before the C.B.C. This was a worthy case and there was no reason why this station should not have been permitted a change in frequency or granted more power. It would not have interfered with any other station. Their present frequency of 250 covers the Vancouver area. The nearest station having a greater frequency was 600 miles away at Prince George. For this and other reasons I am protesting against the present bill.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, the hon. member for New Westminster (Mr. Reid) has made a most gracious speech, and one with which I can agree very largely. I take it that we are discussing two things to-day, the report of the radio committee and the bill which is before us for second reading. Inasmuch as I was not a member of the committee I must confine myself to the discussion of the bill.

Before saying what I have to say I should like to pay a tribute to the men who pioneered radio and brought it to the state of efficiency that existed a considerable time before there was any Canadian Broadcasting Corporation. Those men performed a signal service for the people of Canada. I should also like to pay a tribute to the group of private stations which are performing a great service for this country and which are assisting the achievement of a standard of democracy evidenced by the reports that have been made to the people through the broadcasts known as "Reports from parliament hill." Their representatives have been very helpful, especially their genial manager, Mr. James Allard. This does not say that I am not also appreciative of the services rendered by the C.B.C.

I do not intend this afternoon to debate the question of government ownership of radio. Last night I thought that we were getting into that sort of debate. About all I heard from my friends to my immediate right was the need for more and more overriding ownership of radio by the C.B.C. As a matter of fact radio in Canada to-day is under the control of the Canadian Broadcasting Corporation. It is a fait accompli, so there is no sense in our discussing the merits or demerits of government ownership at this stage. However, I think the leader of the C.C.F. (Mr. Coldwell) was presumptuous when he attempted to compare the merits of the Canadian Broadcasting Corporation and its administration of affairs in Canada with what is being done in the United States by private corporations. It seems to me that the people in the United States are pretty happy with their arrangements. Who is the leader of the C.C.F. to say they are not satisfied? If they were not satisfied they would change and get something like the C.B.C. or worse.

The Canadian Broadcasting Corporation has been given wide powers, and it is my observation that they have assumed some powers that were not intended to be given. As the hon. member for New Westminster (Mr. Reid) has said, they have been entrusted with great responsibilities—we might even say, with sacred responsibilities. I should like to mention some of these. One of their sacred and grave responsibilities is to give the people of Canada clean and wholesome entertainment, to provide cultural education. They have the obligation to bring to the people factual information in the form of news. We all listen to the newscasts which are an important part of the work of the Canadian Broadcasting Corporation. It is also their obligation to present over the waves points of view on events, both current and historical, by means of what we call commentaries. That also is an important responsibility. Then they have the obligation of presenting political and economic programmes to stimulate the thinking of the people. Finally, they are to control the airwaves of Canada in the national interest.

How well the Canadian Broadcasting Corporation has measured up to these responsibilities can be judged only in the light of its record. I believe the corporation has done some good work and a number of commendable things. I believe it has filled a need in Canadian life. I am not in position to criticize the idea of having a corporation like the Canadian Broadcasting Corporation, but I certainly have criticism to make of the powers that have been assumed and the way in which they have been exercised by the C.B.C.

It is not always realized, nor is it always remembered, that sacred responsibilities are usually accompanied by great danger. In the case of the Canadian Broadcasting Corporation that danger is definitely to the Canadian people as a whole, and not merely to the members of the corporation. Dangers are inherent in the type of set-up represented by the Canadian Broadcasting Corporation, and it seems to me it is of urgent necessity that this parliament build up adequate safeguards against them. I do not mean against the corporation, but against dangers inherent in that particular set-up, so that the responsibilities of the corporation may be discharged as fully as possible without in any way endangering the things that Canadians hold most dear.

To-day, Mr. Speaker, I claim that the very freedom of the Canadian people is at stake. It does not require very much vision to see that personal freedom is rapidly being put in jeopardy in Canada. I am not pretending for one moment that the Canadian Broadcasting Corporation is alone responsible for this condition. I would say it is a result of a combination of circumstances and of forces that are at work in our society. But while the Canadian Broadcasting Corporation is an institution potentially capable of bringing the understanding of the Canadian people up to that point where freedom is made secure in Canada and where democracy is real and virile, that same institution is perfectly capable of contributing in very large measure to the enslavement of the people under a totalitarian state. Adequate safeguards against such a dreadful contingency have not in my judgment been provided by the government and this parliament. There is still plenty of room for either malevolence or stupidity to get in their deadly work within the organization of the corporation. I am not so sure that some of it has not been in evidence over the years.

One great danger of government by commission, especially monopoly commission, is that the commissions are apt to become very powerful and a law unto themselves. They become sacrosanct, so that very few people in the land have the courage to criticize them or to demand a thorough investigation of their affairs. The Canadian Broadcasting Corporation is fast becoming a law unto itself, and I suggest too that there has been developed a sacrosanctity about the corporation which in time could remove it entirely from the realm of democratic and parliamentary control. It would be a very sorry day for Canada if that should happen.

One of the main reasons, Mr. Speaker, why the Canadian Broadcasting Corporation has been able to exercise authoritarian power and has been able to assume wider and wider powers as the days have gone by, is that there never has been a well-defined government policy laid down to guide them. That has been perfectly evident. This afternoon I am going to give to the members of this house an example of the abuse of power by the Canadian Broadcasting Corporation, to illustrate the effects of a lack of a well-defined government policy to guide it. I am also going to say that this material which I shall present indicates the existence of a condition which is a complete prostitution of the responsibility of the Canadian Broadcasting Corporation.

In 1927 the university of Alberta purchased a broadcasting station from a private corporation which was operating in the city of Edmonton. In 1939 certain capital funds were required by the station if it were to perform the functions for which it was purchased from the private corporation. Accordingly an application was made to the Canadian Broadcasting Corporation in that year for an increase in the power of the station from 500 to 1,000 watts, and also for permission to enter into the commercial advertising field as a means of assisting the university to pay the expenses of the larger and more powerful station. The university in that year was granted permission to increase the power of the station up to 1,000 watts, but it was refused the commercial privileges. The university therefore was compelled to seek assistance from the provincial government in the form of a grant. They did obtain that assistance to the extent of $25,000, and immediately set about to increase the power of the station. Between 1939 and June, 1944, the university, in connection with the educational pursuits of that institution and in collaboration with the Department of Education, developed one of the finest and most outstanding examples of education by radio that has ever been developed in America. This experiment, which proved finally to be a very wise and important one, resulted in the establishment of the School of the Air through which more than a thousand boys and girls in the far reaches of the northern part of Alberta were enabled to complete their high school courses by correspondence and by radio instruction. Anyone desiring to investigate the effects and the results of that experiment can apply to the university of Alberta for a brochure that has been issued called the Chalmers' report on the School of the Air.

The station was found not to be adequate to the needs in the frontier places, and as a result, the university decided that they should step up the power further, beyond 1,000 watts, and rebuild the station, relocate the trans-

mitter and build a new studio that would take care of the demands for space and of the equipment which they required. After discussing the matter with me while I was in the department of education it was decided in June, 1944, that the university should make an agreement with the Alberta Government Telephones for a transfer of the licence held by the university of Alberta for CKUA on the channel 580 kilocycles, and for power of 1,000 watts. Accordingly an agreement was reached between the Department of Telephones and the university for that transfer. The reasons that were given to the Canadian Broadcasting Corporation at the time for desiring that transfer were these. A very large additional grant would become necessary if the university were to carry on the station themselves. This large additional grant would throw out of balance the per capita tuition costs of the university of Alberta as compared with the costs of other universities, and it was felt that that would put the university at a disadvantage in attracting students from other quarters of the globe.

The second reason was that in view of the existing procedure with respect to government accounting at that time, the disposition of funds by the university was not subject to scrutiny in the legislature as it would be if the operation of the station were in the hands of Department of Telephones.

The third reason was that the Department of Telephones of the government had the engineers and technicians and the transmission lines over which the network arrangements had to be made. They had the money, and they had the management to make a real success of the operation of the station CKUA. This was no means a unique arrangement. Already in the province of Manitoba the Manitoba Telephone Department had been operating for some years two radio stations, CKX and CKY.

The fourth reason why the government and the university desired that this transfer be made was this. The people through their representatives in the legislature twice passed, by overwhelming majorities, resolutions to the effect that the transfer should be made. There is no better reason in the world than the expressed wishes of the people.

Another application accompanied the application for transfer of licence. This was an application for a private commercial broadcasting station licence. I contend that this was a reasonable request, for the following reasons. In the first place, the frequency of 580 kilocycles with a 1000 watt power gave station CKUA a very large listening audience. In the next place, from surveys made it was evident that Edmonton could readily support three commercial stations, having at that time only CFRN and CJCA. Calgary, with a similar situation and a smaller listening audience, has supported three commercial stations for some years. Particulars of the surveys and supporting statistics were filed, along with the application for the private commercial licence. It was pointed out at the time the application was made that radio station CKUA could not possibly compete with existing commercial stations in Edmonton on a fully competitive basis, by reason of the fact that the university would be given first call upon such time as they required to continue the regular university programmes and also to enlarge the educational programmes generally, both for themselves and for the department of education. The policy of the government of Canada expressed through the policies of the Canadian Broadcasting Corporation was that radio stations should be operated on a commercial basis. I make that contention, supported by the following evidence.

Various unsuccessful attempts over the years have been made by the university of Alberta to obtain from the Canadian Broadcasting Corporation financial assistance in providing educational programmes. I say, unsuccessfully; that was in itself a tacit admission that the stations were expected to be operating on a commercial or semi-commercial basis. Further than that, in April 1943, in response to the university's application for a commercial broadcasting licence, the Canadian Broadcasting Corporation indicated its approval—I want you to note that, Mr. Speaker—of a commercial licence, subject to these two conditions: first, that the gross advertising revenue for CKUA should not exceed $25,000 per annum; and second, if CKUA took in any existing business from CFRN, then in Edmonton, the commercial licence of CKUA might be cancelled. I maintain that never has such an authoritarian thing as that been done by any government commission in Canada before this, in my time and within my knowledge. I do say, however, that this approval, although qualified, establishes the principle of the right of CKUA to a commercial licence; and further, it indicates that the Canadian Broadcasting Corporation policy was dictated, not by the needs of the people, but by the financial appeals of the Edmonton station CFRN.

I suggest, sir, that any objection to permitting a university-owned and operated station to enter into commercial broadcasting had certainly disappeared by virtue of the fact that station CKUA by this time was the property of the Alberta Government Tele-

phones, and that the relationship between Alberta Government Telephones and CKUA was almost identical, if not identical, with the relationship that existed between the Manitoba telephone system and radio station CKY in Winnipeg and CKX in Brandon.

The Canadian Broadcasting Corporation, at the time the application was made, were assured that they could expect the same cooperation from the radio department of the Alberta Government Telephones as they were then receiving from the radio department of the Manitoba telephone system. The province of Alberta felt, with perfect reason, that it was entitled to exercise its right of ownership of radio station CKUA by engaging in the business of commercial broadcasting. The C.B.C. contended that if CKUA were granted a commercial licence it would detrimentally affect radio station CFRN. There is no force at all in that contention, for the reason that CKUA had no affiliation with a broadcasting corporation, either the trans-Canada network or the dominion network, as did the other stations in Edmonton. CFRN had affiliations with and was sustained by fees—large fees every year, from the dominion network of the C.B.C. CJCA, the other station in Edmonton, which, by the way, was the top money maker for 1,000 watt stations in the whole of the Dominion of Canada—and that is an important point and has a bearing on this whole case—was affiliated with the trans-Canada network, and received from C.B.C. large fees to sustain it in the field, in addition to its commercial gatherings. I say to you, Mr. Speaker, that the statistics which were submitted by the department of telephones to the government of Alberta at the time indicated very clearly that the Edmonton area afforded ample business for three radio stations.

An objection was raised by the Canadian Broadcasting Corporation that radio station CKUA, being government owned, would pay no income tax, while the other competing stations would be subject to payment of income tax. The answer to that proposition is that this identical situation existed in the province of Manitoba with respect to CKX and CKY.

To cut a long story short, eventually, after several months of deliberation and handing it back from one board or bureau to another, Mr. Walter A. Rush, the controller of radio, notified the department of telephones in Edmonton that C.B.C. had recommended a denial of the application, and he did so in the following terms:

In reply to your inquiry, I may say that the board of governors—

I want hon. members, Mr. Speaker, to note this particularly.

—have not recommended favourably on your application for a transfer of the licence of radio station CKUA from the university of Alberta to the department of telephones of the government of Alberta for commercial operation, for the following reasons:

Having noted that the present licence to CKUA—

Note the barefaced audacity of that.

—was issued for educational broadcasting purposes, and having reviewed all circumstances surrounding the radio station in Edmonton with respect to the commercial field, the board feels obliged to recommend denial of this application for transfer of the licence.

Mr. SMITH (Calgary West): What date is that?

Mr. LOW: That is dated August 25, 1944. Now, I was interested in finding out whether or not the licence had actually been granted to radio station CKUA for educational purposes only, and this is what I found. Mr. Clem L. King, executive assistant to the president of the university, examined personally the licences, and this is the statement which he provided:

So far as I have been able to determine, the licence was secured by purchase from an Edmonton company which had a commercial licence. The licence then issued—

In 1927.

—to the university of Alberta was a private commercial licence.

He further says:

The licences were issued as private commercial licences prior to April 1, 1941, and the first licence upon which any restrictions as to the basis of operation appeared was that for the year April 1, 1941 to March 31, 1942. This restriction read as follows:

"This licence is issued subject to the condition that the station be operated on a non-commercial basis."

I have already pointed out that following that, in 1943, when the university of Alberta made application to the C.B.C. for a commercial licence, they were granted permission to have such licence on a restricted basis. I have already pointed out that the station was to be restricted to an income of $25,000 per annum gross, and secondly they were told they could not take any business from CFRN. Now, who were CFRN that they had to be protected by the C.B.C.? As a result of the refusal of the board to grant a licence in 1944 the government of Alberta, after making further applications and being turned down, then made application for a powerful station of 50,000 watts to be set up at Red Deer with power enough to serve the great northland. The application was refused.

I suspect that right here was born in the minds of C.B.C. the idea that they had better get in to Alberta and put up a 50,000 watt station somewhere before the province of Alberta made itself too vocal. I am satisfied that had pressure not been put on by the department of telephones and the university of Alberta we would never have this present move by the C.B.C. to take over the channel now held by CFCN in Calgary.

Mr. HACKETT: Who is the owner of the station whose income of $25,000 a year had to be protected?

Mr. LOW: The Sunwapta Broadcasting Company, which is affiliated with the Edmonton *Bulletin*.

Mr. HACKETT: What is the Edmonton *Bulletin*?

Mr. LOW: That is a Liberal paper. I do not know whether that has anything to do with it.

Mr. MacNICOL: Just a coincidence.

Mr. LOW: I have given the facts with respect to this whole business, and I give them simply to show to the members of this house, and to get it on the record for the people of the country, what we are up against in relation to this fast growing and ever expanding octopus or Frankenstein monster the C.B.C. I believe it would be well for parliament to reject the bill now before the house at least for this session. I do not favour in any way the expansion of the C.B.C. until such time as we have assured ourselves that we have built up adequate safeguards against a system of creeping paralysis that is being cooked up for Canadians by forces behind the scenes for the definite purpose of curtailing individual right of free speech and free thinking in Canada.

I am not accusing the C.B.C. of being the force in society that is cooking it up. There are plenty of others that are doing that—cooking up, I say, a definite curtailment of the right of free speech and free thinking in Canada. I do not want in any way to lend my hand or to contribute to the creation of a bigger Frankenstein monster until we have learned how to control the one that we have.

There are four short suggestions which I should like to make, and which I think would be adequate to keep the government busy until next session at least. I like to be constructive, and I do not want the minister to feel that I am criticizing him. I know he is new in the business and has his hands full. However, I should like to be helpful, and in everything I do I hope I shall always strive to be constructive.

I think the government should busy itself in the drafting of a well defined policy subject to complete review by this parliament every year; that it should be satisfactory to the people of Canada; that it should be laid down in no indefinite terms—a policy which will at least make certain that the oyster does not control the man rather than the man the oyster. When I was on the west coast some years ago a native showed me with pride the great oysters produced out there, almost as big as my hand. Those were the oysters they could produce in the warm waters off the coast, and they told me there was a tradition there that men did not know whether the oyster controlled the man or the man the oyster. I believe, when I see what the C.B.C. has been doing, that it is high time we decided whether parliament shall control the C.B.C. or whether the C.B.C. shall control the people. Instead of section 2, subsection 4, of the bill as it is now before us, I suggest that the general manager and board of governors of the C.B.C. should all be removable at any time for cause—observe, I say for cause—without our having to submit to the condition that the recommendation shall come from the board itself. That condition I suggest, is a monstrous thing, and I shall fight it every step of the way. Imagine expecting us to put in a general manager who may be removable for cause at any time—how? On the recommendation of the corporation! Bless my soul! Talk about making a closed corporation to get them away from the control of parliament and to enhance their sacrosanctity! No. I cannot believe that is the thing to do. It certainly is not a safeguard against the potential power and danger in such a set-up as the C.B.C.

My next suggestion is this. I believe that the policy laid down by the government should allow competitive networks of private stations in the provinces. The proposal made by my colleague the hon. member for Macleod last night is an excellent one. I do not know just what way could be found to do it, whether it would be wise to grant a certain channel to each province to be used as they see fit, either for a government-owned station or for a privately-owned concern, but I do say that there should be left sufficient private stations in the province to take care of local needs, and also to be able to form networks whenever they think it wise and desirable in order to get to the people the things the people want.

There is no argument under the sun that can convince the members of this house and the people at large that the C.B.C., from its regional stations, can meet the needs of all the various localities in the dominion. They cannot do it. We have built up in Alberta a fine

listening audience around CFCN in Calgary, with a certain desirable wave channel. I understand the C.B.C. proposes to take over that channel and set up a great 50,000 watt regional station.

Mr. McCANN: That is from the Liberal newspaper you were criticizing.

Mr. LOW: I do not think it was from the Liberal newspaper.

Mr. McCANN: You say it is CFCN.

Mr. SMITH (Calgary West): CFCN has nothing to do with any newspaper in the world.

Mr. LOW: I said CFRN. At least I intended to say CFRN.

Mr. McCANN: I beg your pardon.

Mr. LOW: I hold in my hand a map showing the area in which the facilities of this proposed new C.B.C. station should give service. I notice that the station is to be located somewhere about Red Deer. Is that not a coincidence? I wonder what put that idea into the minds of the C.B.C. Furthermore there is a large circle around the area in which the station would serve the people. I notice that the area of coverage is entirely in the southern half of the province, in the populated areas which are now adequately served by the private stations, and it does not extend into the far north at all. The station which the university of Alberta, in conjunction with the department of telephones, had proposed to put up at Red Deer was designed to cover that whole north, and would have covered it. We had in mind, sir, that the American broadcasting services were to be withdrawn. I understand that they have since been withdrawn and that their directional transmissions into that great north land have been discontinued. These people in the north need facilities; they need broadcasting programmes of every description in that north country. As time goes on the need will become greater. I cannot see anything in the present proposals of the C.B.C. in setting up the regional station which can possibly serve the needs of these people in the north country.

There is one other thing. The C.B.C. already have a regional station at Watrous, Saskatchewan. I live away down in the very southwestern part of Alberta, and at almost any hour of the day or night when Watrous is on the air we get the signal clear and strong enough to suit our needs. Who will answer this question: why in the name of common sense does C.B.C. have to come into Alberta and take away the channel which has been used so successfully in building up the finest listening audience in the populated sections of western Canada when they could not possibly present a programme which could in any way take its place?

It is argued of course that the air waves are the property of the people of Canada. I agree, as did my colleague, the hon. member for Macleod in his splendid address last night, but that does not mean that the air waves are the sole property of the Canadian Broadcasting Corporation. I say to you, sir, that the people themselves have some rights, and they should have the right to speak their mind. I submit to you, that they are already doing that. The statistics covering the listening audiences will amply demonstrate exactly what they are thinking.

The fourth suggestion that I should like to make is that there should be a board of appeal, as was suggested by the hon. member for New Westminster (Mr. Reid). I thought that was a splendid idea. I do not know why it was that I thought of it; perhaps it was a case of two minds thinking alike; but certainly there must be a board of appeal. I noted in the correspondence between the university of Alberta, the government telephone department of Alberta and the various departments down here in Ottawa including the Canadian Broadcasting Corporation's offices, the Prime Minister's office, the Minister of Transport's office, and the Minister of Reconstruction's office, all of which correspondence I have before me, that nobody seemed to know exactly who had the responsibility to do what. Everybody seemed to rely entirely upon the advice of the Canadian Broadcasting Corporation's board, as has already been pointed out two or three times. I do not need to labour the point. Certainly the Canadian Broadcasting Corporation cannot give just administration when it sits in the chair of both the judge and jury; nor can it, as the hon. member for Macleod said, give justice if it is the pitcher and at the same time is allowed to call the strikes. I say, too, that we should exercise care in selecting the board of appeal. If there had been a board of appeal to whom the university of Alberta could have gone in 1944 we would not have had nearly the difficulty we did have, and there would not have been the miscarriage of justice that there was in connection with that station.

I wish to say a word about commentators. The Canadian Broadcasting Corporation should exercise great care, much greater care than they have ever exercised before, in the selection of commentators. There, sir, is one of the gravest responsibilities resting upon the Canadian Broadcasting Corporation at the

present time. People should be told who their commentators are; they should be told what philosophy they follow. Too often men posing as commentators find their way into a position without the people knowing who they are, what they are, and what philosophy they follow. As a result of day after day broadcasting they are able to mould the thinking of the people, and direct it into channels which may be questionable and injurious. They are able to pour out uncalculated quantities of that type of poison which brings results such as we have suffered from in this country, namely, discordant loyalties. It is high time that we began to use much more care in their selection. I have no objection to any person getting on the radio, to any particular philosophy having its spokesman over the radio, but I do say that the people ought to know who they are and what they represent. If they know that they can make up their minds whether to listen and whether to believe. The position of commentator is a most important one, and the commentator should be chosen with care.

I am certain that no one in this house, if he stops to think at all, wants to see the people of Canada forced into a straitjacket where free speech and free thinking are the privilege only of those who control the daily lives of the people. I do not, and I shall fight against any such possibility with all my strength. I will not support the bill now. When I am certain that our freedom is assured and that the Canadian Broadcasting Corporation is in reality subject to the democratic control of the Canadian people, then I shall be pleased to vote for the appropriation of as much money as they may require to take care of their expansion, their research and their activities.

Mr. J. G. DIEFENBAKER (Lake Centre): I do not intend to traverse the ground covered by the hon. member for Eglinton (Mr. Fleming), the hon. member for Stanstead (Mr. Hackett) and other hon. members on this side who have discussed various phases of the report and the bill now before the house. I think it is generally agreed that no report could have been written by the board of the Canadian Broadcasting Corporation more highly impregnated with the wishes, the desires, the aims and the purposes of the governing body, the Canadian Broadcasting Corporation, than is contained within the report of the committee.

As I view the situation, in recent years a very great change has taken place in the administration of the Canadian Broadcasting Corporation. First its primary purpose was public service. In recent years there has been a constant trend toward making this corporation a great and overwhelming advertising medium. In that connection I just have to go back and read a few remarks which I made in February, 1944, when discussing this matter in the house, to indicate that that trend toward stifling competition in the matter of advertising is more and more becoming the concern of the Canadian Broadcasting Corporation. Originally it was intended that in no case should advertising exceed $500,000 a year. By 1940 the commercial revenue of the Canadian Broadcasting Corporation was $700,000. In 1941 it was $895,000; in 1942 it was $1,019,000; in 1943 it was $1,204,000; in 1944-45 it had jumped to $1,639,000, and the estimate for 1945-46 is $1,683,000.

When I point out these facts and these criticisms I intend particularly to make it abundantly clear that regardless of the views of others, it is my personal view that in this country there is the necessity for a government-owned national corporation for broadcasting. But in saying that I wish to make it clear that I am opposed to monopolies. I believe there is being created in this country a monopoly which, unless it is restricted, will ultimately control the thought of this country.

So far as the present bill is concerned, it might be summed up in a few words. The Canadian Broadcasting Corporation, under this bill, asks from parliament more cash. It asks from parliament a ratification of its policy of less and less competition. It asks from parliament a declaration of its supremacy of control over radio in this country—itself uncontrolled.

Section 22 of the broadcasting act sets out the powers in these words:

> 22. (1) The corporation may make regulations . . .
>
> (b) to prescribe the periods to be reserved periodically by any private station for the broadcasting of programmes of the corporation;
>
> (c) to control the character of any and all programmes broadcast by corporation or private stations;
>
> (d) to determine the proportion of time which may be devoted to advertising in any programmes broadcast by the stations of the corporation or by private stations, and to control the character of such advertising.

Those are a few of the powers. The penalty for infraction of any of the decisions made by the corporation is as follows:

> In case of any violation or non-observance by a private station of the regulations made by the corporation under this section, the corporation may order that the licence of such private station be suspended for a period not exceeding three months and any such order shall be forwarded to the minister who shall forthwith communicate the same to the licensee of the station, and shall take such steps as may be necessary to carry out the terms of such order.

What does this mean? It means that we have set up a corporation that is above any authority, that can make regulations to govern private stations, and, having made the regulations, has the power to interpret them. It may issue directives not included in the regulations, and those directives are binding upon the private stations. Having issued the directives, regardless of whether they are fair or not, or justified under the law, they have the power to interpret the application of those directives. Furthermore they can withhold power increases and change frequencies. In other words, we have in the hands of this corporation an absolute power, uncontrolled in any way by an organization such as is found in the board of transport commissioners.

When I spoke in the house in 1944—and for a period of years others have taken the same view—I pointed out that there should be set up a body such as was recommended in the opening address of the hon. member for Eglinton (Mr. Fleming), some judicial body similar to the board of transport commissioners which would determine whether or not the C.B.C. is carrying out the will of parliament in the decisions its makes respecting private stations. I said this:

> The Canadian Broadcasting Corporation is more and more becoming a commercial corporation, its board of governors enjoying almost monopolistic control over its competitors. Private stations in competition with the broadcasting corporation are subject to the provisions I have already mentioned.

Many of those provisions I have referred to-day.

> Where the private stations bring their objections to the corporation to be adjudicated they find that they are bringing them to a competitor. In other words the radio corporation exercises of itself a semi-judicial function. In determining the rights as between private and public corporation, the broadcasting corporation is in the position of being both litigant and judge, both investigator and jury. It is in the position of being, as someone has said, a copy and a competitor. Therefore I suggest that in order to restore confidence it is absolutely necessary that a body such as I have advocated be established.

We are to-day in the position in which we were in 1944, with no such body being set up. As a matter of fact the corporation is opposed to it. And when Mr. Dunton was asked by the hon. member for Macleod (Mr. Hansell) why he opposed it, this was his answer:

> It would be extremely detrimental to the interests of listeners and to the public in general in Canada.

I suggest a statement such as that, unsupported by any evidence, is entirely useless.

Mr. HACKETT: Highly improbable.

Mr. DIEFENBAKER: Yes, and as the hon. member for Stanstead suggests, highly improbable. And let it be emphasized that I believe in the C.B.C. as a national institution. There are some who are endeavouring to place certain hon. members in the position of opposing government ownership; but there is no reason for that viewpoint. What we are asking is that there should be fairness under the law established by parliament in the relationships between the C.B.C. and the private stations. They are entitled to justice, under the law—no more, no less.

An independent body set up for the purpose will interpret the law as passed by parliament. It will determine whether or not the C.B.C. is properly carrying out the wishes of parliament. To argue that a body composed of one of the litigants can determine impartially and without bias the rights of one of the opposing litigants is certainly contrary to experience and reason. I submit that unless such a body is set up, a paralyzing blow will be struck by parliament at "freedom of the air," or at least at what is known as "fairness of the air." If the C.B.C. continues uncontrolled, private stations in this country will become vassals, permitted to survive only at the sufferance of the overlord. The great danger of that is the danger of developing totalitarianism in this country.

The other day the Minister of Reconstruction rose in his place and reversed a stand he had taken two years ago, which in turn was a reversal of a stand he had taken in 1937. All honour to him. This is one of the few times a minister in this House of Commons has ever admitted that experience had proven that an opinion he expressed two years ago had not been borne out by subsequent events.

Experience in continental Europe has been that placing control of radio in the power of any government has given government control of the thinking of the country. In asking for the setting up of an independent board such as this, the great and abiding principle at stake is freedom of the air. Can there be freedom when all power rests in one institution? Freedom of the air is often believed to be the same thing as freedom of speech. But there is this difference between the two: a newspaper circulates among those who accept its general viewpoint. Broadcasts go into the homes of people of different opinions. The limitation on broadcasting is the limitation that it shall not contravene the law of libel and slander; and there is another social limitation, namely that the listener has the right to use his thumb and forefinger when things are being said with which he disagrees. What is

happening here to-day is that the thumb and forefinger controlling what is to be broadcast is a body under the control of the government of the day. Human nature being what it is, can you expect that broadcasts dealing with current events will be not tinged or tainted by the individuality or views of the person using that instrument?

The hon. member for Peace River mentioned commentators. While I may not be in general agreement with his viewpoint, I will say that whoever has charge of commenting on the news controls the future thinking of the nation. When day after day certain points of view are pounded into the subconscious minds of the listeners, the ultimate effect is that those subconscious minds are changed by the continued operation of the propaganda, whether designedly done or not. That is why every effort should be made to ensure that the private stations shall have an opportunity to broadcast points of view different from the points of view currently represented by the government of the day.

However free the C.B.C. programmes may be from direct influence, there will be a bias in the government sponsored announcements that are made from time to time. The government has a preferred place in the mobilization of public opinion. It does not need to be intentional, but the bias is there. Whatever announcement is made, always behind it is projected the personality and point of view of the person broadcasting. It is because of that fact that I believe public policy decrees that there should not be unified control of radio in a national body independent of control. Government monopoly of the broadcasting facilities of this country will in the end lead to all thinking alike, and as some one has said, when all think alike, no one thinks much.

In Rose's book on radio broadcasting he uses these words, which I should like to appropriate as my own:

> Democracy's only protection is an awakened and informed public opinion. This public opinion can be obtained only when no one is allowed to dictate what the radio shall or shall not carry, or is permitted to present its point of view without adequate rebuttal by the opposition.

I am not in opposition to national control of broadcasting, but I contend there is a field for the private broadcaster who should be assured that he will be permitted freedom to the end that what he is broadcasting shall not be subject to the direction of the C.B.C., a government owned institution.

Mention was made of commentators, and I gathered from the remarks of the hon. member for Peace River that he was referring to what I have heard criticized on a number of occasions, the communistic turn to some of the comments that are made. There is no medium more effective for mobilizing public opinion than the radio. Canada cannot compromise with communism. While I have been a critic of the operations in certain particulars of the Taschereau-Kellock royal commission, I have always agreed that it did a fine work when it brought to light of day the insidious activities of communism in our midst. If democracy is to live, we in Canada, in the empire and in the United States must show that democracy is the superior form of government in a world divided between two contending beliefs. In the place of programmes tinged with a communistic viewpoint, let there be a continuation of certain programmes now being broadcast over the C.B.C. wherein will be brought home to the people of Canada the benefits of democracy, its meaning, and what its antithesis will mean if ever control is secured by communism in our country.

There are those who will not agree with me, but I think good work has been done by the present government in Saskatchewan in bringing parliament to the people by means of broadcasting the proceedings of the legislature. I have found all over the province that while the session is on the people are interested and are ready to take advantage of this opportunity offered. How many people in our country would like to have the opportunity of being present to hear parliament in session, of seeing democracy in action. I believe consideration should be given at an early day to broadcasting the proceedings of parliament. A great work has been done by private broadcasters in that connection. I think James Allard and those associated with him should be congratulated upon having given the opportunity to members in all parts of this country to broadcast the doings of parliament. These broadcasts have done much to increase the knowledge of the Canadian people as to what is taking place in parliament.

Then there is another type of programme which I think the C.B.C. should put out. We in Canada are alongside the United States, and many programmes originating from stations in that country glorify crime and lawlessness. Our people are bound to be affected. Programmes advocating obedience of law would be of benefit to all; for without law enforcement the whole process of democracy is destroyed. We are living in a period of increased lawlessness, and I refer particularly to offences against the criminal code, which have multiplied over the last few years—why,

I do not know. But we have a medium at hand to bring into the homes the necessity of obedience to the law, which if properly utilized would have the immediate and effective result of imbuing the people of our country with a greater appreciation for law and order.

What is the situation in our country? There is a growing contempt for law. Lawlessness does not become lawful because of the numbers engaged in breaking the law. Anarchy is the absence of law or, where there is law, the lack of enforcement. Destroy the law and we destroy the principle of equality, and ultimately democracy within our nation cannot survive. I make this appeal to the minister, that in order to offset the effect of the glorification of lawlessness so often heard on the air waves, the C.B.C. has an opportunity to render a service which will pay great dividends in citizenship; for if lawlessness ever achieves primacy over parliament, or if lawlessness is condoned, then there will be anarchy. If the law can be circumvented or scoffed at or unenforced, the moral fabric of the nation will be destroyed: Is that the work of the radio? The great uplifting bodies are the pulpit, the press and the radio. There is an opportunity for service in citizenship in this direction which can mean much to the people of this country.

Radio has no boundaries. Some countries may have set up an iron curtain against the invasion of new thought, but those curtains are no defence against democratic broadcasts. All of us are influenced by broadcasts, and being so influenced the work of the C.B.C. could be greatly enlarged by making citizenship and the creation of better citizens its prime purpose and its main aim.

I am going to deal for a moment with the financial situation. Looking over the accounts of C.B.C., I have been struck by the fact that in recent years, while its advertising is increasing, deficits are approaching. In its report dated March 31, 1945, the net operating deficit is shown at $72,000. According to the statement of C.B.C., that loss included an allowance for depreciation and obsolescence amounting to $227,000. For the year ended March 31, 1946, the tentative financial statement shows a loss of $78,400, but without taking into consideration any allowance for depreciation and obsolescence. In other words, if depreciation and obsolescence were no greater in 1945-46 than in 1944-45, the loss this year to March 31 would be $305,000. Therefore I ask the minister this: is there any reason why one newspaper in this country, the Toronto *Star,* should be bonused to the amount of $135 per day, 313 days in the year, amounting to a total of $42,000? How loose the business administration was is indicated by the fact that I came upon this transaction by chance in the course of an examination. There was no resolution on the books of the C.B.C. dealing with it, nothing in the books to support it. No action had ever been taken by the board at any time with regard to it. It indicates a looseness which ought not to characterize a government body. I asked the chairman of the board, Mr. Dunton, when he first found out about it, and he replied that it was several months ago, but he had not done anything about it or brought it to the attention of the board of governors because he was so busy getting ready to meet the parliamentary committee which he thought would be set up earlier in the session than it actually was.

In August, 1937, the matter was brought to the attention of the general manager and apparently there was disagreement among the directors as to the propriety of this transaction. In August, 1937, the present Minister of Reconstruction and Supply (Mr. Howe) wrote a letter to the general manager of the broadcasting corporation suggesting to him that he continue the Toronto *Star* in its position because there was some moral justification for that being done. Whatever the rights were in the past, those rights have long since ceased demanding that the people of Canada continue to bonus the *Star,* and I think the time has come to put an end to the preference. To me it seems passing strange that a matter as serious as this, involving $42,000 a year—because that is the amount it is worth to the *Star*; it is worth less to the C.B.C. as that amount is subject to advertisers' commissions —should not have been brought officially to the notice of the board. I think, too, that the relevation of this bonus indicates the degree to which the C.B.C. was under the control of the government.

I am going to refer to two or three letters in this connection, quoting only the pertinent portions because my time is almost up. Here is a letter to the Toronto *Star* signed by the general manager of C.B.C., dated May 17, 1938. In part it says:

> I have felt that your zealous support and your pioneering have deserved special treatment; nevertheless, it has to be kept in mind that sooner or later the situation will have to be regularized in terms of the press as a whole.

That was in 1938. Even up to this date nothing has been done to regularize this matter. I have before me a copy of another

letter dated September 30, 1938, directed to the Toronto *Star* and signed by the general manager of C.B.C., in which he says:

As you know, I have always done what was in my power to keep the *Star* in the picture at CBL; but, as I think I mentioned to you once or twice, the arrangement has not got the normal elements of permanence.

That was in 1938, and though the arrangement had none of the normal elements of permanence then, it apparently had the elements of perpetuity; for it has continued up to date. The reason why it should be continued is given in these words by the manager of C.B.C. in this letter:

I feel that it would be unfair to the *Star*, especially in view of its support of public service broadcasting, to deprive it of any place on the air as long as its competitors enjoy such a place.

I do not know who the competitors were, but whatever others have enjoyed they enjoyed as a result of payment for their privilege of broadcasting. In a letter from the commercial manager, Mr. E. A. Weir, dated April 19, 1938, to the Toronto *Daily Star*, the following appears:

We are not unmindful of the many courtesies and the broad general support which the *Star* has given to the corporation and the principle for which it stands. That has meant much to us and the whole plan of nationalization.

I think the time has come for reconsideration to be given to this matter. My hon. friend the member for Eglinton (Mr. Fleming) points out that the majority of the committee refused to put a recommendation in the report that this privilege should be withdrawn. Whether or not the committee of parliament would make such a recommendation, my suggestion is that the time has come to bring an end to that, especially in view of the fact that the broadcasting corporation is now budgeting for deficits, and two periods paying $135 a day would go a long way towards reducing those deficits.

Now, sir, I conclude. I reiterate in my conclusion the suggestions I have made. One, which I have made over the years, is the setting up of an independent body or the board of transport commissioners in order to adjudicate as between the claims of the C.B.C. and the private broadcasting corporations in accordance with the law passed by parliament. There can be no criticism of setting up an independent body for appeal, unless it be that an independent body administering the law would come to a different decision than a body, itself the litigant, appearing before itself.

Second, the necessity of attention being given by the C.B.C. in an ever-increasing degree to showing the ramifications of communism, the dangers of communism securing a grip on our country, and pointing out the benefits of democracy and what democracy means to every man, regardless of his position, in the land.

These are matters which I think will receive the support of the corporation. There must be equality as between all citizens in this land, between all private groups claiming rights of broadcasting in this country, subject to the predominant right of national broadcasting continuing to remain a national institution.

Mr. W. A. ROBINSON (Simcoe East): Mr. Speaker, I always enjoy listening to the hon. member for Lake Centre (Mr. Diefenbaker) even when I disagree with him in some respects. I would, however, like to associate myself with some remarks which he made, and those were the remarks in appreciation of Mr. Allard and his work in connection with our reports from parliament hill. I think that has been appreciated by all hon. members, and I am very glad to mention it at this time.

I have listened with a great deal of interest to the previous speakers on this measure, mostly, I am afraid, in criticism, and I feel impelled to rise at this time to say a few words in support of the measure.

The expansion plans of the C.B.C. are not by any means an innovation. They are merely part of a well settled principle which has had the approval of successive governments and successive parliamentary committees. I think most Canadians, including most members of this house, approve the idea of a nationally owned broadcasting system, and I think it has always been contemplated that this system should be expanded and enlarged to serve the needs of the listening public.

Perhaps it will not be out of place at this time if I review briefly some of the major steps in the development of our thinking on this subject of radio broadcasting. I do so, not with the idea of suggesting that we should be bound by the past, but rather to show a certain continuity of development.

Following the haphazard development of radio in the early twenties, the Aird commission was appointed in 1928. This valuable body established, amongst other things, three facts of major importance. They were: that broadcasting was tending to concentrate in more densely populated areas, leaving more lightly populated areas ineffectively served; also, that the majority of programmes heard was from sources outside Canada; again, that there was a great demand and need for the development of Canadian broadcasting in the

interests of Canadian listeners and in the national interests of Canada. The commission came to the conclusion that the interests of the listening public and of the nation could be served adequately only—

> . . . by some form of public ownership, operation and control behind which is the national power and prestige of the whole public of Canada.

This conclusion of the Aird commission became the keynote of the subsequent development of radio in this country.

In later years, committees of this house reaffirmed and enlarged this basic principle. The first parliamentary committee met, I think, in 1932 and recommended in part as follows:

> . . . that a nationally owned system of radio broadcasting be instituted and that all stations required for its proper organization be eventually acquired.

Following some years of operation, the Canadian Broadcasting Corporation was brought into being in 1936 by act of this parliament. Subsequent committees reaffirmed that basic principle, and I should like particularly to refer to the report of the committee of 1942-43:

> Your committee now desires to reaffirm these principles as stated in the reports of the committees for the years mentioned in brackets:
>
> (a) The paramount importance of a single national authority to control all broadcasting in the public interest; (1932)
>
> (b) The public ownership of all high power stations under a national system of broadcasting, with low power stations individually operated or coordinated in relation to the dominant system; (1932)
>
> (c) The coordination of all broadcasting in Canada through exclusive control being vested in the nationally owned system of:
>
> (i) The character of all programmes, political or otherwise, broadcast by all stations and of the advertising content thereof; and
>
> (ii) All wire-line networks used for carrying broadcast programmes; (1936)

I think it is clear that the broad principles behind the development of the C.B.C. have been plainly enunciated. We must realize, however, that the corporation is only in its infancy. It was created in 1936, and is now only at its tenth or tin anniversary. If we have any pride in our national system, surely we can cooperate now to put it on a gold, or, at least, on a silver basis. Its development, its approach to maturity has been retarded for two very good reasons. First, it has been feeling its way in a rapidly developing art where the premature expenditure of money might prove unwise. Secondly, of course, the war has naturally restricted its orderly expansion. Surely, now that the war is over and the corporation has an experience of ten years behind it, we can allow it to develop in the manner which has always been contemplated.

It is inevitable but at the same time, in some respects, I think, regrettable that the expansion of the national system foreshadows the allocation of new wave lengths to certain private stations which had previously used clear channels allotted to Canada under the Havana agreement. I think I can say without fear of contradiction that all members who sat on the recent committee were very much impressed by the able representations, made on behalf of two of the stations affected, and I refer to CFCN, Calgary and CFRB, Toronto.

We could not fail to recognize, and have recognized in the report, the good community service which has been rendered by these and other private stations. Nevertheless I cannot agree, as has been suggested by one hon. member opposite, that the private stations are not receiving "fair play" or that insecurity of their tenure of a particular wave length constitutes a "sword of Damocles" hanging over their heads. As a matter of fact, the two private stations I have mentioned, in their representations to the committee, attempted to show that they were taken by surprise to some extent by the present proposals, and I think it can be fairly said that they failed in this, and for three reasons. First, the statute law is perfectly clear that a proprietary interest in a wave length cannot be obtained. Secondly, since 1941, endorsements have been placed on the licences issued to these stations by the Department of Transport, which endorsements the department intended to operate as notice of a possible change in the future. I quite agree that the endorsements were not phrased as clearly as they might have been to indicate such an intention. That was made quite clear in the committee. But at the very least, these endorsements should have had the effect of giving to the affected stations good cause to weigh carefully the insecurity of their occupancy of these channels. Third, and I think possibly most importantly, the principle of public ownership of high-power stations was enunciated in parliamentary committees as far back as 1932. The committee of 1942 was particularly clear on this point, and I should like to refer to some of the proceedings of that committee.

In the committee of 1942, Doctor Frigon of the Canadian Broadcasting Corporation was examined at some length by the hon. member for Rosetown-Biggar (Mr. Coldwell). I will read a portion of that examination as reported in the proceedings of the committee.

First, I might explain that the hon. member for Rosetown-Biggar was referring to the three stations CFCN, Calgary; CFRB, Toronto, and CKY, Winnipeg, which were not owned by the corporation. I quote:

Q. These are not all corporation stations?
A. No. There are two that are not corporation stations.
Q. What two are they?
A. CFRB, Toronto and CFCN, Calgary.
Q. I understood there was another.
A. CKY, Winnipeg; that is owned by the Manitoba government.
Q. That is three stations that have been allotted clear channels.
A. Yes.
Q. That can be occupied up to fifty kilowatts?
A. Right.
Q. Have they an understanding with you that they will be required to vacate these channels?
A. First of all, the frequencies are allocated annually and the Minister of Transport has always the right to make a transfer in each year.
Q. And there is no possibility of any misunderstanding that these stations have a vested interest in those channels?
A. No.
Q. None whatever?
A. No.
Q. So that they can be renewed at any time that the corporation needs those channels?
A. They can be turned over to the C.B.C.
Q. For its own purposes?
A. Yes.

Mr. FLEMING: Does the hon. member say that this statement made by Doctor Frigon to the hon. member for Rosetown-Biggar was notice to these stations themselves that the C.B.C., as a matter of policy, would take over their wave lengths definitely?

Mr. ROBINSON (Simcoe East): I am not suggesting that this is a direct notice to the people involved; but I will say that representatives of at least CFRB appeared later on in that committee, as will be seen by the proceedings; and, as the hon. member knows, the private stations took an active part and a great interest in the sittings of the radio committee. This is a matter of public record, and I think it is at least constructive notice. Following that—

Mr. FLEMING: There is no vested interest. That is the law.

Mr. ROBINSON (Simcoe East): I refer the hon. member to the last question which I read:

Q. So that they can be renewed at any time that the corporation needs those channels?
A. They can be turned over to the C.B.C.

Mr. FLEMING: It does not say that is their policy.

[Mr. W. A. Robinson.]

Mr. ROBINSON (Simcoe East): Coming now to the report of the committee of 1942, it reaffirms the principle of—

. . . the public ownership of all high power stations under a national system of broadcasting, with low power stations individually operated or coordinated in relation to the dominant system.

The report goes on to say, at page 1095:

The private broadcasting stations have no vested interest in the sound-waves they are allowed to use. The government and the corporation should not hesitate to terminate any licence when it is in the public interest to do so. Any increase in power considered necessary and desirable to occupy the channels allowed under the Havana agreement should be made in stations owned or taken over by the corporation.

I do not think anything could be much clearer than the proceedings from which I have quoted, and these phrases from the final report of that committee, and I think it will be seen that the C.B.C. is only proposing to do now that which it had in contemplation some years ago and which has been delayed by reason of the war. At the same time I urge the C.B.C. and the government to give every assistance to the affected stations in allocating the best possible alternative wave lengths to them and to allow them to develop sufficient power on their new wave lengths to maintain and continue their present fine position as community stations.

In conclusion, I should like to say a few words as to the committee itself. I personally found the work extremely interesting. It was the first time that I had had the privilege of sitting on the radio committee. As the various statements were made, the witnesses were examined and the representations were given to us, I am sure that every new member of the committee, including myself, obtained an entirely new, and in most respects satisfying, picture of the present position of radio in Canada and of its future development.

I heartily concur in the recommendation that a similar committee be appointed each year. I should like to emphasize that it should commence its work early in the session. I would go farther and say a few words about the personnel of the committee. Radio is a fascinating, but an extremely technical, subject. In the committee we were tremendously assisted by hon. members who had had the opportunity of sitting on previous committees and who had a good grounding in the subject. Perhaps I should not mention names particularly, but I should like to make some mention of the good work done by the hon. member for Rosetown-Biggar (Mr. Coldwell), the hon. member for Macleod (Mr. Hansell) and the hon. member for St. Paul's (Mr. Ross). I should also like to pay a tribute

to the able chairmanship of the hon. member for Winnipeg South Centre (Mr. Maybank). Therefore I think any committee which is appointed in future should have a good proportion of old hands and a fairly generous sprinkling of new blood, so that a good many members of the house may be given an opportunity to study our radio problems.

I believe that a yearly committee is essential if parliament is to exercise the close scrutiny which should be exercised over such a powerful instrument, if we are to be assured that the Canadian Broadcasting Corporation is carrying out its declared functions, for instance, that it is giving coverage to remote and sparsely populated areas and equality of opportunity of discussion of public questions.

One of the questions which should certainly have the attention of any future radio committee was that raised by the Canadian Association of Broadcasters and touched on by the hon. member for Lake Centre (Mr. Diefenbaker), namely, the matter of appeal from Canadian Broadcasting Corporation decisions. It seems to me that the Canadian Broadcasting Corporation, as a regulatory as well as an operative body, must at times be placed in a somewhat anomalous position. The present committee did not have the time to study this question carefully, but it has left the door wide open to future study. I agree that such study should be made.

I do not think I can be accused of taking up too much of the time of the house, but I feel that I have spoken sufficiently long at this late hour of the session on the general aspects of the measure before us. There are a few particular points which I should like to refer to later but I can do that when the bill is in committee.

Mr. NORMAN JAQUES (Wetaskiwin): I just wish to make two or three remarks. Although not a member of the radio committee I have listened to the debate with great interest. With the exception of probably two members from the C.C.F. party, all members have spoken against the danger of the growing monopoly of the Canadian Broadcasting Corporation over radio. The leader of the C.C.F. (Mr. Coldwell) quoted the words of the then Minister of Munitions and Supply (Mr. Howe), who said:

> The aim of broadcasting should be a complete coverage by government facilities, and the present situation demands complete control over all forms of broadcasting, whether public or private.

From the record I am not sure when that statement was made, but in the light of what has happened elsewhere in the world as a result of government monopoly it now seems to me to be a terrible statement. The leader of the C.C.F. apparently endorses it, because he goes on to say, as reported at page 5297 of *Hansard* of yesterday:

> In view of all that is happening to-day, in view of I will not say lobbying because that would not be true, but in view of the tremendous press campaign that has gone on across Canada in the last year, to limit the powers of the present broadcasting corporation . . .

I take it from that that the leader of the C.C.F. is against limiting of the powers of the Canadian Broadcasting Corporation. I wonder what would be said if the government were to apply the same ideas to the press. I do not see much difference between the press and the radio. If the government has absolute control over the one, why should it not have absolute control over the other? It seems to me that it is a most dangerous situation.

I should like to acknowledge my thanks to the private stations for the privileges which they have accorded hon. members in their broadcasts over local stations. There, again, that was a privilege granted by private stations, not by the Canadian Broadcasting Corporation. As a member of the house I have never received any facilities whatsoever from the Canadian Broadcasting Corporation. On the contrary, when time on the air was allotted to the various parties in the house this group of thirteen members was given the same time as a group which no longer exists in the house; the only member they had is now serving a sentence as an enemy of his country. The Labour Progressive party, the communist party, is given the same facilities over the nationally controlled Canadian Broadcasting Corporation as the Social Credit party with thirteen members in the house, and the movement which has formed the government of the province of Alberta since 1935. It is my personal view that members of parliament should be given a great deal more time and greater facilities in the use of radio, over local stations. As it is to-day, listeners hear comments and interpretations of news from people who, so far as we know, are not responsible to anybody. We do not know their politics; we do not know what they stand for; we do not know for whom they are speaking.

My impression is that commentators should be limited to the giving of actual factual news. If commentators are to be permitted to interpret that news and thereby to influence the thinking of the people of Canada, then the people should know exactly who is speaking and for whom he is speaking. Put a label on all commentators.

I could name one or two of them; in fact I do not mind naming two. I would refer first to Dyson Carter, a man who frequently speaks for the C.B.C.

Mr. STEWART (Winnipeg North): Will the hon. member tell me when he spoke for the C.B.C.?

Mr. JAQUES: I understand he does.

Mr. STEWART (Winnipeg North): Your understanding is wrong.

Mr. JOHNSTON: How do you know?

Mr. STEWART (Winnipeg North): He did not speak for the C.B.C.

Mr. JOHNSTON: How do you know; where is your proof?

Mr. STEWART (Winnipeg North): He is not an official of the C.B.C.

Mr. JAQUES: I never said he was an official of the C.B.C. I said he had facilities of the C.B.C., and I say he is a communist—even if he is not so labeled. He is a communist and when he was taxed with it he laughed and said, "Why, I was given the job by the government all during the war of saying these very things."

I might say that Matthew Halton is another. There is no label on him. But one has only to listen to him. One need not be very acute to realize where his sympathies are, and for whom he is speaking. I have heard him on more than one occasion, and there is not much doubt about it. But the general public does not realize that. They hear a commentator over the radio and they take it for granted that he is absolutely unprejudiced. They say, "Here is the actual truth, not prejudiced or coloured in any way at all." Naturally they take it as authentic. A great deal of propaganda has been put over in that way.

My view is that, so far as broadcasting is concerned, the C.B.C. should confine its work on the radio to the news itself, and to entertainment. We cannot have too much good entertainment, including good music. But even there propaganda is used. I happen to be very fond of classical music. During the winter I listen to the philharmonic concerts from New York—never miss them if I can help it. I noticed that until Finland was taken over by Russia we heard quite a good deal of music by Sibelius. I have not heard any since Finland was conquered. Instead of Sibelius, we hear now Shostakovich. I do not pretend to be an authority on music, but I believe there are few people who, if given the choice, would prefer Shostakovich to Sibelius. Certainly I for one would not.

I would conclude by repeating the danger to which people are exposed by means of propaganda from men who are responsible to no one and who apparently speak for nobody. They make their comments as though they were absolutely unprejudiced when, all the time, they are making them purely for purposes of propaganda.

If the C.B.C. thinks my remarks are unfair, then they have an easy method of proving me wrong. I challenge them to do so. Grant any recognized Social Crediter the same facilities which have been granted to these—well, I call them reds, but you can call them fellow-travellers, if you like—and I will take my words back. But until that happens, I say that the C.B.C. has been used by communists as a means of spreading communist propaganda.

I object to this bill, which will increase the power of the C.B.C. I object to voting any more money for radio monopoly.

Mr. A. L. SMITH (Calgary West): Mr. Speaker, in rising to discuss this bill, I wish to say this, that on the occasions I have been privileged to speak in the house I have each time found it possible and convenient gladly to commend some parts of the legislation then offered by the government. I am not in that position to-day.

I disagree with this report, in toto. I disagree with every page, every paragraph, every line, every word of it; I disagree even with the title. The title says that it is a report from the radio committee. It is nothing of the kind; it is a report from a few people, advocating everything suggested by the C.B.C.—and that under the leadership of the new leader of the Liberal party, who is not in the house at the present time, the hon. member for Rosetown-Biggar (Mr. Coldwell).

Before approaching the various suggestions made in the report, I want to say that I have now been in Ottawa for two sessions and I have become acquainted with the man by the name of Bennett. It does not matter that I lived in the same town with him for thirty years, practised the same profession he practised, and that I have partaken of his bread and wine, and he has partaken of my bread—but not my wine. I have lived in hotels with him; I have travelled with him, and I thought I knew something about him.

But I find I was all wrong. I come here to Ottawa, and I find that in almost every debate, be the subject agriculture, the C.B.C., mining, or some other subject, our hon. friends opposite have always found something to quote from Mr. Bennett. The socialists to my left have always had something to say

and I have learned that he is not the man that I thought I knew, that he is a sort of ogre who has a baby as an appetizer before his dinner, who washes his hands in the red, warm blood of innocent children, and all that kind of thing. But when it comes to something like this they go back fourteen years and they quote Mr. Bennett. He is then Viscount Bennett, the great statesman. Frankly I am just a little bit fed up with it. If it had not been for the fact that Mr. Bennett was there from 1930 to 1935 many of them would have been mentally deficient in the contributions they have sought to make on many occasions to the debates.

Coming to this business of broadcasting, I want to begin by saying that during the sittings of this committee I had the pleasure of meeting a number of men connected with the Canadian Broadcasting Corporation. Personally, of them and to them I say that I have never met finer people; I have never met men who were more seeking to do a good job of work in Canadian broadcasting. But it is the system under which they are acting that I express definite opposition to at the present time. Before the last sitting of the committee we were asked by the chairman to make suggestions, and I replied almost immediately with the following: First, that the committee should report against taking over the larger wave lengths in Manitoba, Ontario and Alberta and, second, that I was in favour of the committee recommending that an independent tribunal should be set up to determine matters between the C.B.C. and the private broadcasters, the present regulations to govern such body with the right in that body to revoke or alter them.

I realize that this has been discussed already by a number of members. I am glad to see the Minister of Justice (Mr. St. Laurent) in the house, and I see a couple more lawyers over there at the present time. I want to ask him this question: It is admitted, even in the report, that the C.B.C. is in competition with private broadcasting; that is true and no one seeks to deny it; no one can deny it. What do we find? We find that that same body, the Canadian Broadcasting Corporation, with respect to its opponent is at once the policeman, the judge and the gaoler. That is a simple statement of fact which no one can and which no one dare refute.

To the hon. gentlemen opposite who practise the same profession as I do, or to the lay brethren over there like the hon. member for New Westminster (Mr. Reid) who is one of the best barbershop lawyers I know of, I put this simple question: Will some one over there rise in his place and justify that sort of thing? Will they, before this debate is over, please stand up and, on their honour as members of this profession, make some attempt to justify that terrible state of affairs, because I can use no other word?

I realize that, in an endeavour to make a distinction between broadcasting and railroading, Mr. Dunton said that broadcasting was cultural; that is the only distinction he made. However, it is also commercial. The C.B.C. now seeks to take advertising revenue from the private stations, because that is the purpose of this new business. There is no other purpose; that is what it is seeking to do. Will someone justify to me that sort of thing? Will he merely say that it is just? It is so contrary to natural justice and every other kind of justice that I am anxious to see someone justify it.

I know it will be said that this report has not found against the contention that I make. What the report says is that it should be given further study by the C.B.C., further study by the Department of Transport, and that some other committee should deal with it. Never in any report of any committee of this house will you find such a straight dodging of duty. That is all it is. What further investigation can there be of the necessity for the removal of a great and complete injustice in this country. I want someone over there or over here to answer that.

I turn now to something else. The basis upon which these wave lengths are to be taken from these people is that somebody said so some years ago that and subsequent committees have confirmed that position. I asked Mr. Dunton if he thought the creation of this new network and the taking over of these stations would create one extra advertising dollar and his answer was "no". The net result and the sole purpose must be to take from the private stations advertising dollars already in existence. Then we have the hypocrisy of its being said that the C.B.C. intends to encourage private broadcasting. Not only is that nonsensical; it is an utterly dishonest statement to make in the report.

For a short time I intend to deal with my part of the country. This was done quite well by the hon. member for Macleod, (Mr. Hansell), and I am going to be quite brief. Hon. members will be glad to know I am going to be brief in anything else I may say. Out there we have station CFCN which puts out the best news broadcast I have listened to and which is sponsored by the Alberta wheat pool. That station is to lose its wave length. I would remind hon. members who were not members of the radio committee that to that committee came a friend of mine,

Mr. Marshall Porter. With him came three men, the heads of the largest agricultural organization there. They had held meetings with the heads of practically every agricultural or stock organization in Alberta, seeking to obtain a membership of 15,000 or 20,000 farmers to take over this station. They said they had their own problems to discuss and they wanted to speak in their own language and be spoken to by persons who understood them. Talk about remote control! It is suggested that this control lie 2,000 miles away in Toronto or Montreal. That is what is to be done about the problems of people in Alberta who want to talk their own language and discuss their own problems. That is just silly beyond words.

Will someone over there tell me why the government want another 50,000 watt station in the city of Toronto when they already have one? What possible excuse—there is no reason, of course—can be given for the erection of a second 50,000 watt station in Toronto? What other coverage is there that they are seeking? They have another 5,000 watt station now, and they have the 50,000 watt station. The Elliott-Haynes report was referred to a while ago by the hon. member for New Westminster, and that shows clearly that CFRB is easily the most popular station there. Its record of public service is unsurpassed by any other station in the Dominion of Canada. That was proven beyond question. The record of our own station CFCN is a model of public service, and no one has been able to deny that.

Mr. BLACKMORE: And public popularity.

Mr. SMITH (Calgary West): Clearly so. We have heard a good deal of criticism of private radio broadcasting. I know the hon. member for Rosetown-Biggar has this book which I hold in my hand. It is called "Radio's Second Chance", and is written by Mr. Charles A. Siepmann who was a former employee of the British Broadcasting Corporation, who came to the United States and is now a citizen of that country. He is a consultant with the federal communications commission which has to do with radio in the United States of America. We have had this book thrown at us a good deal, and it has a lot of virtuous things in it, but I am going to read one paragraph from it which has not been read by those people who oppose the private stations. It is on page 9 of the preface; it is written by the author, and this is what he says:

> Nor does criticism of the abuses of the commercial system imply, by any analogy whatever, that government monopoly broadcasting is a desired alternative. Ours is a system of free enterprise within a framework of government controls, which is infinitely preferable. Radio organized by government has proved itself the most disastrous of all systems. No one who has lived in Europe could advocate that we should try that here.

So that when this man is being quoted let us remember that he also said what I have just read. That brings me to this.

I want to go right along with the hon. member for Lake Centre (Mr. Diefenbaker) in saying and repeating—and I said it publicly before the committee—that I am all in favour of the Canadian Broadcasting Corporation. It has done a splendid work; there is no doubt about that. It is a national instrument, and there is a great place for it. But if you go over its history you will find this. The Aird report upon which our radio law is based is an interesting document. I am not being critical of something that happened in 1929, because no one then could possibly have foreseen the advances that would be made by radio in this country. But I would point this out, that in the appendix to that report one can see the way in which people's minds were working. The appendix deals with Australia in eleven lines, and incidentally in Australia they have a national system and also a private system, but the national system in Australia does not carry advertising. They have made the clean break there which was suggested so clearly in the Aird report itself as the system which should be adopted in Canada. Australia gets eleven lines; Great Britain gets six; the United States, with 603 stations, gets 2½ lines; the German system, which is a state-ownership system, gets twenty-four lines, and we know what state-owned radio did in Germany. It was the greatest instrument that Hitler had at hand, and he used it to debauch the German people and bring on this last war. Without radio, he could not have done it for one moment.

The Aird report goes on to say that perhaps to help out the situation until the thing gets on its feet the national radio system should have some indirect advertising, limited in amount, and that amount was fixed later by Mr. Brockington at $500,000 as the maximum to which they would ever go. We have heard the figures on that given by the hon. member for Lake Centre, and we know we have gone away beyond that. But I am not opposed to that. They needed the money. That is the simple answer. They had to have the money. They already have $4,000,000 odd from the people of this country, and the private radio stations do not get any of that. The national radio system have had that money and they need more. I am not blam-

ing them for wanting more or for getting more if they do that in open ordinary competition with people who have sunk their money and a good deal of their lives in building up audiences, for an audience is radio's stock-in-trade, just as a subscription list is the most valuable thing a newspaper has, because upon it depends the amount it will get from its advertising.

Let me repeat. Radio, from this Aird report and from subsequent reports of committees, was aimed and destined to be a service vehicle for the people of Canada. The Canadian Broadcasting Corporation advertises that it now covers 94 point something per cent of the Canadian people—94 per cent. Then how in the world is the setting up of another network going to give them one more listener? It has reached the saturation point now—94 per cent. Yet they come along and ask this parliament for $2,000,000. What for? To build these expensive stations—not to get another listener, not one—but in order to carry the $2,000,000, which at three per cent comes to $60,000 a year. They say they are going to pay it back, and the only way they can carry the loan and pay it back is by taking advertising now gathered up by the private radio stations. There is no other source of revenue.

So that when we consider whether or not we intend to approve this report I am anxious that all members of this house who, in times gone by, have suggested that they believe in individual enterprise should give some thought to that simple statement of fact which, once more, I defy anyone to contradict.

I am now going back to Alberta again, and perhaps some hon. members think I should go there and stay there. But I want to discuss our local situation.

Mr. BENTLEY: You are not going there this week, are you?

Mr. SMITH (Calgary West): That is entirely in your hands. In Alberta we think we should be allowed to hook up the three private radio stations we have at Edmonton, Calgary and Lethbridge. They are almost in a line from north to south, though not quite. Why should we not be permitted to do that? We are not permitted to do that because C.B.C. just say no. It is utterly impossible for me to think of any reason why we should not have a little regional network if we want it. We are not interfering with anybody, not in the slightest. Yet you cannot get a wire in this country unless C.B.C. puts its imprimatur on your request.

I made the suggestion in the committee that rather than cost the taxpayers any more money, the present transport commission should be the body which would deal with appeals of this kind, and it was suggested to me by the minister: Where would it get its law? Of course the railway commission gets its law from the Railway Act, and perhaps the Transport Act; I am not clear about that. I said: Let us appoint that board. They are not overworked; we all know that, and then put on the private broadcaster who is appealing, the onus of proving his position before the board. I even went that far in an endeavour to get something in the nature of an independent body. But the minister, as I say, suggested: Where would they get their law and jurisprudence? I said, "Let us take all the rules and regulations the Canadian Broadcasting Corporation have now, holus-bolus; take the whole thing; put the onus on the private broadcaster to have them altered and abrogated"; but there was no support for the suggestion going even to the extent which I have just indicated.

I wish to close with rather a simple statement, or perhaps I should put it by way of request. I realize that these wave lengths have to be filled by a given time—the spring of 1947, I think it is. My suggestion is this. Parliament is going to meet again in the third week of January; and may I impress upon the house that, once these wave lengths are gone, they have gone forever. It is not something we can patch up again at a later time; we are through. We must occupy these places, there is no doubt about that, and once we have done this we are completely filled. My suggestion to the minister is this. There are no great things to be done between now and the last week of January. You have already your material on order for the stations you intend to build. You know you cannot get it yet, but the time will come when this material can be obtained. So why not let this matter rest? Remember that all the Alberta members—I am glad the Minister of Trade and Commerce (Mr. MacKinnon) is not here at the moment because he might not concur—at all events all of us who are here will agree that we do not want this thing; we are very happy the way we are and we want to be left that way. What is going to happen? They are going to build this station at Red Deer. What does that mean? It means that the Edmonton and Calgary stations come off the network—that was admitted in the committee—and therefore the advertising revenue which they now have through a connection with C.B.C. is gone, just taken away from them like that! Someone may say that the private stations complained about the amount of the cheque they got for national advertising, most

of it from the United States. Let me frankly admit that the private stations would carry on for nothing if they had to, because we know that these United States shows are the things which build audiences. There is no use in fooling ourselves about anything of that kind; we all know that. We know we cannot have talent in this country. We know perfectly well that, once our talent is some good, it is gone. Look at the Canadians who are in New York, in Chicago, in Los Angeles now. Why should they not go there? Here they work for dollars a week; there they get hundreds of dollars a week. Clearly we are in this position, that these great nation-wide shows are what build audiences. So that these stations in our province not only will be deprived of the revenue they get from the C.B.C., which revenue at times, as we learned, does not pay operating expenses, but will have taken away from them the audiences which, through the years, they have built up.

I want someone in this House of Commons to try to justify treatment like that of people who have been encouraged to spend their money, people who have been seeking power increases many of which have been granted. I should like somebody to show the fairness of actions of that kind.

I have here one thing which I want to bring to the attention of members of the House of Commons, because there may be a little political turn to it after they have heard what I have to say. I have an analysis of editorials, from clippings of newspapers, on this subject up to July 23, 1946. I am not introducing something new; this is a record in the proceedings before the committee. The groups are divided in this way. In the western provinces the number of newspapers was fifteen; the number of editorials was eighteen; the number favourable to the private broadcasters' position was eighteen; the number unfavourable was none. In Ontario fifty-three papers commented; there were seventy-eight editorials; seventy-four were favourable and four were unfavourable.

Mr. ROSS (St. Paul's): The Toronto *Star*.

Mr. SMITH (Calgary West): I will come to that. You let me run this show for a minute. In the province of Quebec there were forty-three papers; the number of editorials was eighty, the number favourable was eighty, and there were none against. The maritime provinces have nine newspapers; there were nine editorials, eight of which were favourable and one opposed. The grand total is 120 newspapers; the number of editorials is 194; those favourable were 189, and those opposed were five.

There is the newspaper survey. I have the list of papers, and I should be glad to supply any hon. member with information as to his own home town paper. Of the five editorials supporting this legalized theft from these people, the Marmora (Ontario) *Herald* was one, the Owen Sound *Sun-Times* was another, the Toronto (Ontario) *Saturday Night* was another, and that is edited by one of the governors of the C.B.C. Another was the Toronto *Star,* which has a hand-out of $42,000 a year in time from this corporation. There was also the Glace Bay (Nova Scotia) *Gazette.*

I have here a number of things that I am not going to bother the house with. May I once more appeal to the minister in charge of this bill to give it some further thought. Take this $528,000; of all the camouflage one ever saw, that really is the prize. What does it mean? It means that we turn over to the C.B.C. $528,000. Why not let us do it honestly? Why not just let us vote the taxpayer's money, instead of saying, we are giving you the gross licence fees instead of the net? The country pays the $528,000 anyway. If they need that sum or a greater sum I am in favour of giving it to them, but I am not in favour of giving it to them by the porch-climbing back-door method which has been adopted in this proposal.

Mr. J. M. MACDONNELL (Muskoka-Ontario): It is perhaps rather bold for someone who is not on the committee to try to speak after so many of those who have had the advantage of sitting on the committee have spoken, but perhaps there is room for the voice of ignorance as well as for the voice of experience and knowledge. At any rate the voice of ignorance will be very brief, I think not more than ten minutes at the outside.

I rise because it seems to me that this is one of the most important matters which have been before this house, and far more important than the matter of a few million dollars. I think it goes very deep into the fibre of our constitution, and of our democratic way of life which we are so fond of talking about. I really want to do what my hon. friend the member for Calgary West (Mr. Smith) has done, to ask one or two questions of the minister.

Two things have emerged from this interesting debate and they are perfectly clear and unchallenged. The first is that what is proposed will make it so difficult for private enterprise that it is highly questionable whether it can go on in any effective manner. The second is—and no one will dispute it—that this proposal will greatly aggrandize and strengthen the position of the C.B.C. I am one of those who

wish to have national broadcasting; I believe in national broadcasting. But I do not believe in the various powers—going, coming and staying—which this commission is given in addition to its power to broadcast. I wish to ask why this is necessary.

First of all, why is it necessary to take away the powers and privileges which have been exercised by private interests? There is usually one of two reasons given when private interests are sought to be penalized and weakened. The first is that they have been trying to act in a monopolistic manner. That cannot be said here; the shoe is entirely on the other foot. Not only have they not been so acting, but they have had no chance of becoming monopolistic. The second is that private enterprise has neglected the public interest, or has been inefficient, or what you will. There is no suggestion whatsoever of that here.

The second point I wish to raise is this. Why is it necessary to aggrandize the C.B.C.? Can they not carry on as they are? Is it usual to treat public enterprise in this way? Let us examine both these.

Is it usual for public enterprise to be, as has been pointed out, the plaintiff in the case, the judge and jury, policeman and everything else? It is not. It is not true in the railway world where we have the Canadian National and the Canadian Pacific. I need not press the point, for it is clear that what is proposed is not usual.

Then what is the reason? Now this is why I am on my feet. I want to know the reason, and I have not yet heard any reason given except one, which I believe is unfounded and is unsound, and which was given last night by the hon. member for Rosetown-Biggar (Mr. Coldwell). And the only reason I could understand from him, apart from a lot of chat about Messrs. Sifton and their enterprises in the newspaper and radio fields, the only reason he gave, or the only thing approaching a reason, was that it was necessary, as I understood him, that in this way the C.B.C. should get sufficient coverage. He said that they had not sufficient coverage, and he mentioned particularly the Windsor area.

I have listened with interest to statements made by the hon. member for Calgary West (Mr. Smith), the hon. member for Eglinton (Mr. Fleming) and others refuting that position taken by the hon. member for Rosetown-Biggar, and if his view is mistaken, then no reason of any kind has been given for this proposal. Well, I come to what I consider the real reason, evidence of which we see around this place.

What is that reason? It is power. There is nothing that has interested me more in my brief life as a member of parliament than the study of power, the things it does to people, and the desire they have to get more and more of it. We have seen it in a matter now before the other place, in the case of the foreign exchange control board. I was interested to hear some of the things said there about power, and it is power here again. The point has been made—and I do not dwell upon it—that ministers sometimes hardly realize that they are being made advocates for civil servants who want power.

Like my hon. friend, I have great respect for the chairman of the C.B.C., and I have no doubt that if I knew the other members of the corporation I would have the same respect for them. But I do not like to see power growing in this way, because there are real dangers —and they have been pointed out—inherent in it.

There is one more thing I have to say, and it is in fact the only real excuse I have for standing on my feet now. We know what the English situation is. There they have the B.B.C., and there they have a socialist government. I have here an English periodical, *The New Statesman and Nation,* which is strongly pro-socialist, and I should like to read two sentences from what they call the "London Diary." It is signed anonymously, but I have reason to believe it is signed by a man wholly in sympathy with the policies and principles of the *New Statesman,* and therefore I believe I am justified in saying that what I am about to read represents the views of one who is a convinced socialist. That gives additional point to the quotation. He refers to an incident which occurred recently in England, where a distinguished United States commentator who had been about to broadcast was, for some reason which I need not go into, refused that permission. Authority was taken away at the last moment.

I wish to ask the minister and hon. gentlemen opposite, who are Liberals with a big "L"—some of them would like to think they are liberals with a small "l" too—to listen to this quotation:

> The effect of incidents of this kind is to make me think that we ought to have more than one broadcasting network in this country.

Here is the sentence to which I direct attention particularly:

> I believe in competition in all things of the mind.

It has been pointed out here that the great danger of this proposal, as was demonstrated last night, is that, if it goes through, we shall

come out with but one means of influencing public opinion, and the effect of that we have seen clearly in other parts of the world. In other words, some other hon. gentlemen in this house who are as opposed as I am to other kinds of monopolies, as opposed as I am to monopolies in material things, are apparently prepared to have a monopoly of a far worse kind, an infinitely worse description of monopoly, namely, a monopoly in things of the mind. For this reason, and for other reasons given by more practical men, who have a greater knowledge of the subject, I urge the government to consider the question very carefully. I urge them to consider whether they are not setting up a monopoly in things of the mind.

Mr. H. O. WHITE (Middlesex East): I rise as a farmer to say a word or two on the bill, and first I want to compliment the hon. member for Macleod (Mr. Hansell) and the hon. member for New Westminster (Mr. Reid) on the stand they have taken on this question. Some time ago I received a letter regarding radio broadcasting. I know very well that the letter was inspired by others than the people from whom it purported to come. I am beginning to wonder who the society for adult education is and who the people are that are behind it. I have heard the C.B.C. referred to as a red network, and from what I have heard to-day I am convinced that possibly that is the case. This information was forwarded through a federation of agriculture office and it makes me begin to wonder. The Canadian federation of agriculture has been very careful not to get mixed up with any political party; in fact, I believe it has leaned backwards to stay out of politics. It is the voice of agriculture for the Dominion of Canada, but I am wondering if it is being enticed backwards into a socialist rat-trap.

Mr. L. W. SKEY (Trinity): A little less than a year ago I made my maiden speech in this house, and at that time I said I hoped my term of service here would be a useful one. That is what causes me to rise to-day, because I feel I would not be serving as useful a purpose as I could if I did not rise to speak against this bill. I shall be brief and I guarantee you, Mr. Speaker, that I shall be through before six o'clock.

We have seen in the course of this year a discussion of control of prices. The party to which I belong has advocated a policy of decontrol which would set our economy free to produce. We have seen the licensing under the prices board which gives the same power to the government in many ways that this bill gives to the C.B.C. We have seen controls over wages and labour troubles and strikes and stabilization, and so on. We have seen agricultural and wheat agreements, agreements which give the government control over agriculture. We have seen the foreign exchange control board bill, a bill which gives the government control over money. We have seen the government endeavour to control housing and fail miserably. We have to-day a demonstration on parliament hill of veterans calling for houses for their wives and children. We have had evidence in the industrial relations committee that the government has the industry of the country in a strait-jacket. That is all control; that is all power; that is the thing about which the hon. member for Muskoka-Ontario (Mr. Macdonnell) spoke. I shall tell the house where it leads. It leads to some of the things which are happening to-day in the United Kingdom, where they have to fill out a form to get a form to fill out. That is what power and control will lead to in this country. The only measure that we have is the evidence before the committee which endeavoured to establish that the necessity for these controls was culture. For a moment I should like to bring the minds of hon. members back to the rise of the nazi party in Germany and the kultur which they tried to inflict upon the whole of Europe.

May I close with these words. It is a reminder to the people of Canada that this bill seeks to put power into the hands of a government commission. The old saying is still true, that all power corrupts, and that absolute power corrupts absolutely.

On motion of Mr. Cleaver the debate was adjourned.

Mr. ST. LAURENT: Before Your Honour calls it six o'clock, I wonder whether I might have the unanimous consent of the house to refer to motions, so that the Minister of Labour (Mr. Mitchell) may table an order in council which was passed to-day?

And unanimous consent having been given.

LABOUR CONDITIONS

APPOINTMENT OF CONTROLLERS FOR STEEL INDUSTRY—AMENDING ORDER IN COUNCIL REPEALING SECTION 9 OF ORIGINAL ORDER TABLED

Hon. HUMPHREY MITCHELL (Minister of Labour): I wish to lay on the table copy of P.C. 3594 passed to-day amending P.C. 2901 of July 10, 1946, by which the government appointed a controller of the three basic steel companies of Canada, namely, the Steel Company of Canada at Hamilton; the Algoma Steel Corporation at Sault Ste Marie; and the Dominion Steel and Coal Corporation at Sydney.

The amending order in council repeals section 9 of the original order which provided as follows:

It shall be the duty of every person in the employ of any of the said companies at or in any of the aforesaid establishments of the companies to perform the duties of his employment until the authority of the controller is revoked; and every person who fails to perform his duties as aforesaid as herein required without lawful excuse, the onus of proof of which is upon him is guilty of an offence and liable upon summary conviction to a fine of twenty dollars for each day or part of a day on which he fails so to perform his duties.

Hon. members will appreciate that the effect of the amendment is to remove the requirement that men remain at work and also the penalties which might be imposed upon men who remain away.

It is the government's belief that this action will meet the views of the majority of the members of the house. However, I wish to reiterate the belief that it was an error in judgment on the part of the steel workers in joining in a strike which is contrary to the requirements of the law. It is the opinion of the government that there is a moral duty resting upon these workers in their own interests and the interests of all Canada to cooperate with the controller and arrange to return to work at all three plants and take advantage of the machinery provided for the final settlement of the dispute as has been done by thousands of other workers in Canada.

Mr. MacINNIS: May I ask the Minister of Labour a question arising out of the order? Does this order change the person of the controller? Has the controller yet approached the steel workers to return to work?

Mr. MITCHELL: This order does not change the name of the controller. To my knowledge, the controller has not approached the steel workers. I say to my hon. friend that all the facilities of the Department of Labour are at the disposal of either the steel workers or the steel companies themselves to bring to a conclusion this regrettable dispute. My department is open at any time, on the application of either party to the dispute, to render any possible assistance we can in a settlement of the difficulties.

Mr. BRACKEN: I should like to ask one question before this matter is disposed of. Will the minister give us copies of the order in council which he has just tabled?

Mr. MITCHELL: I can read it, if the hon. member wishes it in *Hansard*.

Mr. BRACKEN: I wish to have it to study it.

Mr. MITCHELL: I shall send a copy to the leaders of the three parties.

STEEL STRIKE—INQUIRY WITH RESPECT TO MAINTENANCE OF LAW AND ORDER IN HAMILTON

Mr. JOHN BRACKEN (Leader of the Opposition): I am not rising at this time to say anything about the order in council which the minister advises has just been passed. I think all hon. members will agree that an order in council of that nature should have some consideration before any hasty comment is made on it.

I should like the consent of the house to permit me to ask a question of the Acting Prime Minister (Mr. St. Laurent) with respect to this very matter. I understand the wire services have carried dispatches this afternoon with respect to the situation in Hamilton. These dispatches are to the effect that since noon the cabinet has had under consideration the question of the dominion government sharing with the provincial government in the maintenance of law and order in Hamilton, and in providing security for non-striking workers going into and out of the steel plant. Has the Acting Prime Minister any statement on that particular aspect of the strike situation which he could make for the information of the house and the country?

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): I do not know that there is much I can say at the present time beyond this: I think it is well known that the authorities of Hamilton have applied to the government of Ontario for assistance for the purpose of maintaining law and order in the city of Hamilton. All I would care to say is that the government of Ontario and the federal government have been in consultation and that both governments recognize that such assistance as each can supply for the purpose of aiding the local authorities in the maintenance of law and order should be supplied.

BUSINESS OF THE HOUSE

Mr. ST. LAURENT: I move that the house do now adjourn to Monday morning. We have worked strenuously all week. A number of hon. members have said to me that they did not feel quite equal to having to come back from eight to eleven o'clock tonight, and that they did not think we would really make progress which would be commensurate with the inconvenience to hon. members if they were required to come back this evening.

On Monday morning we shall take up item No. 4 on to-day's order paper. With respect to item Nos. 5 and 7, National Defence Act amendment, these are measures which it would be very convenient to have passed at this time for the purpose of enabling the recruiting of the army to be uninterrupted. The Militia Act fixes a limit of 10,000 upon those who can be recruited, for the permanent force, and that is a limit which it was felt the government should not modify by order in council under the Emergency Transitional Powers Act. But I understand that several members have gone away feeling that these two items were not to be considered at this session. Under these circumstances, the government would be disposed to defer the consideration of these items, but making the statement at this time that it is only because of the desirability of deferring them that it will resort to the Emergency Transitional Powers Act to remove the limitation of 10,000 that might be an impediment to the recruiting for the army now going on. Then at the very opening of the next session it will reintroduce legislation for the purpose of having this limit removed by parliament, because we feel that it is something which should be done by parliament.

I am just making these remarks because I should not like to have the reproach made, when we have come to parliament at the next session, that we had in the meantime presumed to deal with it by order in council. Then, after disposing of No. 4, we should take up No. 6, to amend the National Emergency Transitional Powers Act, to extend to sixty days after the opening of the next session, instead of fifteen days, the duration of the measures adopted under that act. Then we shall take up the Militia Pension Act, item No. 10 on the order paper. Then supply in transport (air service), reconstruction, national defence (air), external affairs—and other departments, if there is time for it.

Mr. BRACKEN: I should like to ask the Acting Prime Minister two questions. First of all, has the government yet decided whether it still proposes to proceed with the Canadian information service measure?

Mr. ST. LAURENT: The Canadian information service measure is a measure with which the government would like to proceed. But the government would not feel, if it appeared that it was going to take considerable time, that it would be proper to ask the house to continue in session for that bill alone, after other matters had been disposed of.

[Mr. St. Laurent.]

Mr. GRAYDON: Would the government consider dropping it for good?

Mr. ST. LAURENT: No, the government would not consider dropping it for good. That is something upon which the opinion of the house will have to be taken.

Mr. BRACKEN: The minister did not indicate when the present debate would be proceeded with. Is it not intended to go on with it on Monday? I am referring to the radio debate.

Mr. ST. LAURENT: If it appeared on Monday that it would be the desire of the house to go back to that debate the government would be prepared to facilitate whatever appeared to be desired.

Mr. BRACKEN: But that is not the government's plan?

Mr. ST. LAURENT: It was not. But we would not like to take any attitude which would not meet with the approval of hon. members generally.

Mr. BRACKEN: When I can I like to support the government. On this occasion I support the motion made by the Acting Prime Minister. He is rapidly learning how to make progress in the house. I think by the action he has taken we shall secure prorogation earlier than if we had sat to-night. I shall not make any comment now on the measures which he has said he would leave over, and his reasons for so doing. I think the decision was a wise one. In postponing consideration of those measures, the government proposes taking action by order in council in the meantime. I am sure that the government will expect to defend itself for so doing. At the present time we are not agreeing to what the government may do between sessions. We understand that it will be doing by order in council what it would be seeking to do, or what it would have sought to do by the measures it is withdrawing. The minister has been explaining that the government will have to do something in the meantime. I am saying that we are not now agreeing with what it may do.

Mr. ST. LAURENT: The government will be prepared to defend, as having been the proper thing to do, an increase in the number of men to be recruited for the peacetime army.

Mr. KNOWLES: If this goes much farther it will really get confused.

Motion agreed to and the house adjourned at 6.05 p.m.

Monday, August 26, 1946

The house met at eleven o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk)

MOUNTED POLICE—INSPECTOR JOHN LEOPOLD

Mr. BENTLEY:

1. How long has Inspector John Leopold been a member of the R.C.M.P.?

2. Was he at one time known as Jack Esselwein, and (a) was he instructed, as part of his duties, to join an organization or party; (b) if so, what party or organization; (c) during what period or periods of time was he so occupied; (d) was he on the payroll of the R.C.M.P. during such periods?

3. Did his duties during that period include the investigation of organizations other than the communist party of Canada and, if so, what organizations, and on whose instructions were such investigations carried on?

4. Did his duties involve travel and investigations outside Canada?

5. Do his present duties include any portion of those assigned to him during the period he was a member of the communist party of Canada?

Mr. ST. LAURENT:

1. Since September 26, 1918.

2. Yes; (a) Yes; (b) Communist party and subsidiary organizations; (c) 1921 to 1928; (d) Yes.

3. Communist party and subsidiary bodies only.

4. No.

5. Yes.

MOUNTED POLICE—INVESTIGATIONS IN TRADE UNIONS AND OTHER ORGANIZATIONS

Mr. BENTLEY:

1. How many members of the R.C.M.P. are currently employed on investigation in trade unions and other organizations, and what percentage is this of the total active force?

2. How does the number now employed on this type of work compare with the number employed on comparable work in 1939?

3. Are special payments in addition to their regular salaries made to those engaged in this type of work?

4. What is the total appropriation devoted to this work?

5. Who is the responsible officer in charge, and to whom does he report?

Mr. ST. LAURENT:

1. None in trade unions and similar organizations.

2, 3, 4 and 5. Answered by No. 1.

EVAPORATED MILK

Mr. DANIEL:

1. What is the percentage of the average 1941-42 purchases of evaporated milk distributed in each of the following areas of Canada: (a) northern Ontario and northern Quebec; (b) southern Ontario and southern Quebec; (c) maritime provinces; (d) Manitoba, Saskatchewan, Alberta and British Columbia?

2. In what areas of above is evaporated milk sold without ration coupons?

Mr. MAYHEW:

1. (a) Minimum quota 100 per cent plus special quotas authorized for lumbering and mining operations equal to approximately an additional 30 per cent. (b) No quota set. Distributed on ration coupons for infant feeding and medical cases only. (c) 125 per cent. (d) 125 per cent.

2. In all areas except southern Ontario and southern Quebec.

WAR ASSETS—MOTOR VEHICLES

Mr. FRASER:

How many motorcycles declared surplus by the Department of National Defence, army, navy and air, respectively, are still in the hands of War Assets Corporation?

Mr. FRASER:

1. How many motorcycles have been declared surplus by the Department of National Defence (army)?

2. What are the departmental numbers of the surplus declaration forms in each case?

3. On what dates were declarations of surplus motorcycles made?

4. How many of these motorcycles have been disposed of through War Assets Corporation?

5. How many of these motorcycles have been disposed of by sale to ex-service men, in pursuance with the policy which grants them priority of purchase?

6. In what province or provinces are the remainder of these motorcycles now located?

Mr. FRASER:

1. How many motorcycles have been declared surplus of the Department of National Defence for Air?

2. What are the departmental numbers of the surplus declaration forms in each case?

3. On what dates were declarations of surplus motorcycles made?

4. How many of these motorcycles have been disposed of through War Assets Corporation?

5. How many of these motorcycles have been disposed of by sale to ex-service men, in pursuance with the policy which grants them priority of purchase?

6. In what province or provinces are the remainder of these motorcycles now located?

Mr. FRASER:

1. How many motorcycles have been declared surplus by the Department of Naval Affairs?

2. What are the departmental numbers of the surplus declaration forms in each case?

3. On what dates were declarations of surplus motorcycles made?

4. How many of these motorcycles have been disposed of through War Assets Corporation?

5. How many of these motorcycles have been disposed of by sale to ex-service men, in pursuance with the policy which grants them priority of purchase?

6. In what province or provinces are the remainder of these motorcycles now located?

Mr. FRASER:

How many motor vehicles declared surplus by the Department of National Defence, navy, army, and air respectively, are still in the hands of War Assets Corporation?

Mr. FRASER:

1. How many passenger motor vehicles have been declared surplus by the Department of National Defence for Air?

2. What are the departmental numbers of the surplus declaration forms in each case?

3. On what dates were declarations of surplus motor passenger vehicles made?

4. How many of these vehicles have been disposed of through War Assets Corporation?

5. How many of these vehicles have been disposed of by sale to ex-service men, in pursuance of the policy which grants them priority of purchase?

6. In what province or provinces are the remainder of these surplus vehicles located?

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6. In what province or provinces are the remainder of these surplus vehicles located?

Mr. McILRAITH: These questions, eight in number, in the name of the hon. member for Peterborough West, were asked previously in the House of Commons and I believe referred to the war expenditures and economies committee. They were answered fully in that committee, and the answers will be found in the minutes of the proceedings and evidence Nos. 34 and 35 of the committee.

[Mr. Fraser.]

JAPANESE—REPATRIATION—MENTAL HOSPITAL PATIENTS

Mr. MacINNIS:

1. How many persons of Japanese origin were patients in the mental hospital in British Columbia as at January 31, 1946?

2. How many of those have asked for repatriation to Japan?

Mr. MITCHELL:

1. 58.

2. 26.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CANADIAN NAVY—ELECTRICAL ENGINEERS FROM UNITED KINGDOM

Mr. DANIEL:

1. Have arrangements been made by the government to bring electrical engineers from the United Kingdom to Canada to serve with the Royal Canadian Navy, or in any capacity with the Department of National Defence for Naval Affairs?

2. If so, how many engineers are being brought to Canada?

3. What are their names, and what are the special qualifications of each such person?

4. What salary is each such person to be paid?

5. Have any other commitments been made to them or any other inducements held out to them to get them to come to Canada?

6. If so, what commitments or inducements?

7. What, in detail, are the duties which each such person is to perform?

8. Prior to such arrangements being made, was any attempt made to recruit qualified Canadian engineers for such positions?

9. If so, what method of recruitment was adopted and what inducements by way of salary, or otherwise were held out?

10. Why were Canadian engineers not secured for such positions?

11. Was consideration given to sending Canadian engineers to the United Kingdom to secure any additional training required?

12. If not, why not?

Mr. MACDONALD (Halifax): Return tabled.

DESERTERS WITH OVERSEAS SERVICE

Mr. CHURCH:

1. How many deserters among those who served for some time at the front are now incarcerated (a) in prisons or detention camps overseas; (b) in federal prisons in Canada?

2. Will executive clemency be extended to them immediately and a pardon given, and will they be brought home by the government?

3. Will the same clemency be extended at once to those overseas who risked their lives as volunteers, as has been given to deserters and draft evaders within Canada?

SOLDIER SETTLEMENT—PRINCIPAL AND INTEREST PAYMENTS, ETC.

Mr. FAIR:

1. During each of the years 1930 to 1944, both years inclusive, what was the amount of (a) principal (annual payments); (b) interest due the Soldier Settlement Board by settlers holding contracts?

2. During the same period, what amount was paid each year by such settlers?

3. What was the cost of administration of the Soldier Settlement Board for each of the above years?

4. During each of the above years how many settlers (a) signed quit claim deeds; (b) were served with thirty day notices to vacate their farms?

MOTIONS FOR PAPERS

NATIONAL DEFENCE—COURT OF INQUIRY—NICK CHARENA

Mr. KNOWLES:

For a copy of the record of proceedings of the court of inquiry convened on or about April 22, 1943, to investigate the claim of Mr. Nick Charena, against the Department of National Defence, with respect to an injury received while working at a Royal Canadian Army Service Corps Depot.

Mr. LAPOINTE: The hon. member has agreed to drop this motion.

Mr. KNOWLES: On the basis of the department looking into the case.

Motion dropped.

BELLEVILLE HARBOUR ADMINISTRATION—FINANCIAL STATEMENTS

Mr. STOKES:

For a copy of the financial statements of the Belleville (Ontario) harbour commission for the years of 1941, 1942, 1943, 1944 and 1945?

LABOUR CONDITIONS

STEEL STRIKE—FURTHER DEVELOPMENTS—REQUEST THAT DEPUTY MINISTER ACT AS COMMISSIONER

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I asked the Minister of Labour on Saturday if the controller had made any effort to get in touch with the parties to the steel dispute, and I should like to repeat that question now. I should also like to ask the minister if he will give consideration to having the deputy minister of his department act as special commissioner, since there is no other commissioner conciliating in the dispute at the moment.

Hon. HUMPHREY MITCHELL (Minister of Labour): On Saturday I gave an open invitation to both sides, combined with the amendment to the order, at least to get in touch with my department or myself in an effort to bring about some degree of conciliation in this dispute. I have read some of the speeches that have been made over the week-end and I am frank to admit, Mr. Speaker, I did not get much encouragement from them. I am prepared to lend every effort in settling this dispute if there is any degree of sympathetic consideration by either side.

As to my hon. friend's other point about the deputy minister of labour, we have had two or three commissioners in this dispute already. I think it can fairly be said that I run a reasonably large organization which faces difficulties and complications, and the steel dispute is not the only dispute that is in progress at the moment. I want to tell my hon. friend frankly that I cannot have my senior officials running all over Canada trying to settle industrial disputes, because I have an organization stretching from the Atlantic to the Pacific that has been set up to deal with just such matters. If my hon. friend has any contact with either side to the dispute I should be very glad if he would call them up and tell them, "For goodness' sake quit making silly speeches," such as I read in the press over the week-end. This dispute, like the rain, must come to an end some time. It always stops raining. But you cannot settle any dispute unless there is a willingness to sit down and settle it.

Mr. MacINNIS: I thank the minister. I appreciate that I was asking a great deal of him to ask that his deputy go in there. But I was paying a compliment to his deputy in making that request because I believe he would be acceptable, perhaps more acceptable than anyone else, to the employees there.

Mr. MITCHELL: Much as I should like to do it, I must say that sometimes I wonder how physically I have stood up for the last five years, and I say that without trying to be facetious at all. I say it seriously, and I say the same thing of my senior officials too. I have not had a holiday since the war broke out; my deputy has not had a holiday since he has been with me, and that goes for many of the senior officials in my department. To ask us to run all over the country after grown-up men who cannot conduct themselves like grown-up men is asking too much. After all is said and done, the trains are still running, and the aeroplanes, and if these people were anxious to settle disputes instead of trying to make martyrs of themselves or names for themselves, a great deal more could be accomplished. I passed through a similar diffi-

cult period after the last war. These men who think they are men of destiny are just ships that pass in the night. I have seen them pass in the night.

Mr. COLDWELL: I was just thinking of the minister's mixed metaphors.

Mr. MITCHELL: Some fellows think they are men of destiny, but they take themselves too seriously. If any one of us here died to-day the flag would fly at half-mast until the funeral was over and we would soon be forgotten. So do not let us take ourselves too seriously.

Mr. KNOWLES: In view of the seriousness of the situation will the minister ask the controller at Hamilton to see to it that the presence of the police is not used by the company as a basis for further provocative action?

Mr. MITCHELL: That has nothing whatever to do with the company. Responsibility for the administration of law and order does not rest on any organization, whether it be the employers or the employees. The maintenance of law and order is the responsibility, first of all, of the chief magistrate of the city—and let me say this, that I have never known the chief magistrate to be defeated on the basis of maintaining law and order. If you have not the courage to carry out the obligations of an office, you should not run for that office. The responsibility, after the chief magistrate, is the responsibility of the attorney general of the province, and next, the attorney general of Canada. The chain of responsibility is complete. For my hon. friend to say that the company should not use the police is to overlook that the maintenance of law and order is the responsibility of those charged with it.

Mr. KNOWLES: What about the violation of the wage control order by the company in giving triple pay?

PRIORITIES ON DISTRIBUTION OF STEEL PRODUCTS

On the orders of the day:

Mr. J. O. PROBE (Regina City): Mr. Speaker, may I ask the Minister of Reconstruction and Supply or the Acting Minister of Finance whether there is any arrangement by which the steel that is available in unprocessed form, such as sheets and plates, is being rationed equitably across this country by any organization of the government? I have received a number of telegrams on that and I should like to know whether equitable rationing is taking place.

[Mr. Mitchell.]

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): What little steel there is available for distribution is subject to priority allocation by the steel controller, and anything that is left after all priorities are satisfied I suppose is being marketed through the usual channels. But there is very little primary steel going on the market to-day.

Mr. PROBE: There is a definite allotment as between various regions?

Mr. SPEAKER: Order. The hon. member has put his question and received his answer.

Mr. PROBE: Mr. Speaker, may I not ask a supplementary question? It was a fair question. I do not want to be shut off every time I get up. You take an obvious delight in doing it.

Mr. SPEAKER: I do not think that the hon. member or any hon. member has been shut off by the Speaker. The rule is very clear. The question should be brief and to the point. Moreover I should say to the hon. member that I will not permit the question period to start a debate on steel or labour conditions. The hon. member will have an opportunity to ask any question of the minister when his estimates are being considered in committee of supply.

Mr. PROBE: I hasten to assure you, Mr. Speaker, that I did not wish to have a debate or altercation at all. I was simply asking for information.

SALES OF LIQUOR

OMISSION FROM RETURN OF FIGURES FOR PRINCE EDWARD ISLAND

On the orders of the day:

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Mr. Speaker, recently I tabled an answer to a question by the hon. member for Mackenzie, (Mr. Nicholson) with reference to the per capita sales of liquor by provinces for the last fiscal year. The hon. member asked why Prince Edward Island had not been included. I was fairly sure of the answer, but I wanted to be certain. There is no public sale of liquor in Prince Edward Island. Liquor is sold there, I think I should say allegedly, for medicinal purposes only upon presentation of a doctor's certificate. There being no liquor control board in the island as there is in the other provinces, we do not have comparable statistics. The public accounts for Prince Edward Island do not show any figures for retail sales; therefore, we are unable to compare them with the figures of other provinces.

WHEAT

PAYMENT OF PARTICIPATION CERTIFICATES FOR 1943

On the orders of the day:

Hon. J. A. MacKINNON (Minister of Trade and Commerce): May I also take this opportunity of giving information to some hon. members who are particularly interested in the matter of wheat participation certificates for 1943. These payments are actually going out, and the operation will be hurried through to completion. The price of No. 1 Northern is 12·146 cents per bushel. This price covers about eighty per cent of all the other grades.

SUGAR

IMPORTS FROM WEST INDIES—CONCESSIONS TO CANADIAN GROWERS AND PROCESSORS

On the orders of the day:

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance): On Saturday last the hon. member for Lake Centre (Mr. Diefenbaker) asked the following question:

In view of the increased price of sugar, which is imported from the West Indies, will the government, with a view to increasing production in 1947, consider granting similar concessions to growers and processors in Canada as has been ordered in the United States?

The answer is: The average laid down cost of West Indies sugar in Canada in Canadian funds is not higher than the sugar administrator's selling price to Canadian refineries. The government announced last spring a special payment of 60¾ cents per hundred pounds of refined beet sugar produced from the 1946 crop. Policy with respect to the 1947 crop of beet sugar will be announced in due course in the light of the then existing circumstances.

HOUSING

CENTRAL HOUSING AND MORTGAGE CORPORATION—RENTS IN EDMONTON

On the orders of the day:

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): On Saturday last the hon. member for Eglinton (Mr. Fleming) asked a question with reference to rentals in the Jesuit college apartments at Edmonton. I am informed that the apartments in question are being operated under the home conversion plan and that the present rentals were fixed before extensive alterations had been effected. Now that the work has been completed, the home conversion administration has applied to the wartime prices and trade board to have rentals fixed. A hearing will be held, and tenants whose rents were fixed before the conversion took place will have the opportunity of making representations before new rentals are fixed.

EXCESS PROFITS TAX ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. J. J. McCANN (Minister of National Revenue) moved the second reading of and concurrence in amendments made by the senate to bill No. 370, to amend the Excess Profits Tax Act, 1940.

Mr. J. M. MACDONNELL (Muskoka-Ontario): I just received a copy of the senate amendments. I wish the minister would explain the effect of these amendments, because I have not been able to get a copy of the original bill. I am not sure what the amendments amount to.

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance): I must admit that I am not in a position to give the necessary information. The minister is not here to-day, and I do not think the parliamentary assistant should be required to make the explanation. I wonder whether this motion could be allowed to stand until the minister returns.

Mr. MACDONNELL (Muskoka-Ontario): If I could get the original bill I might be able to find out what it is all about. I do not think we should be asked to pass these amendments without knowing what they mean.

Mr. BRADETTE: *Votes and Proceedings* gives the explanations.

Motion stands.

EMERGENCY POWERS

CONTINUATION OF ACT UNTIL DECEMBER 31, 1946, OR SIXTIETH DAY AFTER OPENING OF 1947 SESSION

Right Hon. L. S. ST. LAURENT (Acting Prime Minister) moved the second reading of bill No. 253, to amend the National Emergency Transitional Powers Act, 1945.

He said: On July 5 of this year the Prime Minister (Mr. Mackenzie King) in a statement to the house indicated that a committee of officers of the Department of Justice and other departments had under close and continuous scrutiny the orders in council which derive their authority from the War Measures Act and of the National Emergency Transitional Powers Act, 1945. The purpose of this scrutiny is to reduce to a minimum the num-

ber of such orders in actual operation. Each of these orders has been carefully considered with the departments more directly concerned. Appropriate action has been recommended to secure the elimination of all orders which are no longer essential to ensure an orderly transition from war to peace.

In his statement the Prime Minister divided existing orders into several categories, and gave the number of each. These figures represent the situation which obtained at the time they were compiled, as the committee continued its analysis and action was taken on its recommendation. The volume of orders in council appearing in each classification naturally varies. On July 5 the Prime Minister referred to a total of 7,103 orders under emergency powers. Since that time the committee has reviewed twelve more orders in council, while a further seventy-two orders in council have been passed under the National Emergency Transitional Powers Act and tabled in the house, of which twenty-six merely revoke other orders in council, but those have not yet been reviewed and included in the tabulation. Accordingly the total number of orders in council passed pursuant to the emergency powers to August 15 was 7,187. There was one passed on Saturday which was tabled here. It is of course difficult to have these tabulations right up to the minute. Of this number 4,207 have been revoked, have expired or are spent. This means that 102 have ceased to have effect since July 5. Some twenty-six orders are in process of being revoked immediately. Some 616 are to be allowed to expire with the expiry of the National Emergency Transitional Powers Act, 1945. It is considered that one hundred orders can be reenacted under the authority of existing statutes not of an emergency character. To this end departmental officials are at present taking the necessary action.

The outstanding treasury board minutes under the emergency powers authorizing war duty supplements for government employees now number 1,531. These have been considered and placed in three categories: those granted for special duties which have now come to an end, and the war duties supplements will also come to an end. Then there are those in respect to which special duties for which the supplement was originally granted will continue indefinitely. In this case the civil service commission is being asked to examine each individual case and make appropriate recommendations as to what change in classification the civil servant concerned should receive.

Then there are supplements about which some doubt existed as to whether the special duties involved can be definitely or finally classified as apt to continue indefinitely. Each one of these is receiving separate consideration. All these will be dealt with, and I may say at once with respect to this whole matter that some five or six weeks ago instructions were sent to each department to examine every one of the orders and to have ready for consideration not later than the end of this year bills for legislation wherever the government might feel it would be proper to recommend legislation to parliament to take the place of the emergency power.

The remaining orders in council are those which the Prime Minister indicated as constituting the real body of the government's existing emergency power. They number 709. Of this number approximately 225 have been in substance placed before the house during the present session in the form of draft legislation relating to such subjects as war crimes, unemployment insurance, reinstatement in civil employment of discharged members of the forces, control of atomic energy, control of explosives, air and navy cadets, control of narcotics, compensation to veteran airmen, and then the large body of orders in council which were dealt with by the veterans affairs committee and which provided for the demobilization and rehabilitation of members of the armed forces. The remaining 484 orders in council are the measures which may continue to be classed as emergency powers at the close of this session. This total includes orders in council which merely amend other orders appearing in the group. The subject matter was outlined in general terms to the house by the Prime Minister in his statement of July 5. As he then indicated, while world conditions remain critical it is not possible to state for what periods of time each of the powers conferred by this group of orders in council may be required. In some cases statutory authority may have to be sought at the next session.

As I have indicated to the house, these orders in council are under constant review and will be dispensed with at the earliest opportunity compatible with the national welfare. I do not know whether the house would wish to have tabled the classifications that have been made. There are quite lengthy lists of the numbers of the orders, their date, and a sort of summary statement of what they deal with. First, there is the list of the twenty-six of which the repeal is being arranged immediately or is in process of taking place. Then there is a list of 225 which it is felt can be disposed of en bloc as having been provided for by legislation enacted by parliament at this session. Then there is a list of 100 which

the interdepartmental committee, presided over by the Solicitor General, are recommending to be reenacted under other powers existing in general statute to the end sought. They are regulations which can be continued under powers that existed prior to the coming into operation of the War Measures Act, and the recommendation there is that they be taken out of that category and each placed under the general statute to which it properly appertains. Then there are 268 of another category. That appears to be a large number, but there are very many of them—which are just amendments of other orders and with respect to which there will have to be a recommendation by the government to parliament at the next session to enact legislation. They are the orders relating to the labour code; the wartime prices and trade board; rent control; the control exercised over cereals or other food products with respect to which the government of Canada has entered into contracts with other governments. They exist by virtue of the powers resulting either from the War Measures Act or from the National Emergency Transitional Powers Act, but they will be required beyond the period when the National Emergency Transitional Powers Act will normally expire; and it is with respect to those that the Prime Minister made the statement, which I understood at the time met with the pretty general approval of the house, that the government would ask to have the term of fifteen days after the opening of the next session extended to sixty days so that they could be dealt with by parliament at the opening of the next session instead of having to be dealt with at this session.

If I have the permission of the house I will table, without asking to have it included in *Hansard,* two copies of these lists, so that any hon. member who may wish to consult them will have an opportunity of doing so. Without going into the merits of emergency powers or anything of a controversial nature, I will submit without further argument that it would be in the interests of dispatch to have the amendment provided for by this bill, extending from fifteen to sixty days the duration of emergency powers after parliament meets at its next session, passed at this time so that it will not be necessary to have additional legislation to deal with these matters at this session.

There is this other consideration. At this time, if we were not to have this extension, we would have to provide for all possible contingencies and would have to ask parliament to adopt more legislation than is apt to be required at the time parliament meets again I wish to remind hon. members that the Prime Minister stated positively that it was the intention of the government at that time, and it still is, to have parliament meet towards the end of January, 1947, for the next session. We are conscious of the fact that hon. members made that quasi-undertaking a condition of the position they took when the Prime Minister announced in July that there would be this request to extend the duration of emergency powers until sixty days after the next session opens. I would therefore hope that at this time it will be the pleasure of the house to adopt this amendment and leave us under the existing impression that we have to do our best to get rid of this wartime legislation just as quickly as it is compatible with orderly reconversion to do so.

Mr. JOHN BRACKEN (Leader of the Opposition): I rise on this occasion not to comment on the administration of the National Emergency Transitional Powers Act, but rather to state our position with respect to the bill now before us. As hon. members know, a year ago when this measure was brought in here we objected to it very strongly. We are still as much opposed to it as we were then; and if this measure were a measure to extend the duration of this act we would oppose it as strongly now as we did then. As the minister has indicated, if the house should meet in the middle of March next year this measure under the existing statute would terminate at the end of March. Under the new bill it would terminate at the end of March if the house met in January. The measure gives the governor in council power to do by order in council what ordinarily would be done by this parliament. That is the reason we objected to it. There was some intimation when the question was raised in June or July of this year that if there was an undertaking that the house would meet in January rather than in March there would not be strong objection taken to the measure. The reason for that was this. If we meet in January and the act continues in force until sixty days after the house meets, the act will be no longer in force than if the house met in the middle of March with the act continued in force for fifteen days as now provided Under these circumstances we did not object and are not now objecting to the bill.

But when we reach committee stage I am going to offer an amendment, which I think the government can accept, because it does not alter the spirit of the amendment moved by the minister. I see no reason why a measure of this kind should be tied to a movable date. Why should we say that this

measure remain in existence for fifteen days after the house meets when we do not know when the house will meet? The amendment I shall propose at that time will be this:

To add after the word "forty-seven" in line 14 the following words:

"or on the thirty-first day of March, one thousand nine hundred and forty-seven, whichever date is the earlier."

The clause would then read as follows:

(1) Subject as hereinafter provided, this act shall expire on the thirty-first day of December, one thousand nine hundred and forty-six, if parliament meets during November or December, one thousand nine hundred and forty-six, but if parliament does not so meet it shall expire on the sixtieth day after parliament first meets during the year one thousand nine hundred and forty-seven, or on the thirty-first day of March, one thousand nine hundred and forty-seven, whichever date is the earlier.

That amendment does not alter the stated intention of the government, but it does fix a definite date of termination of this measure if the house should not meet in January.

In passing let me say I sincerely trust that, on other grounds as well as on this, the government will plan to see that the house meets next year not later than January.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, I think we are all agreed as to the necessity of some such amendment to this act as that proposed by this bill, but there are two comments which I want to make.

First of all, I am very sorry that this legislation is the occasion, as indicated by the Prime Minister (Mr. Mackenzie King) on July 12, for the postponement of any dealing with old age pension legislation in this session. We had been given to understand that there would be such legislation, but later on, on the date indicated, the Prime Minister made it clear to us that by virtue of this act the decision had been made not to introduce such legislation this year but rather to bring it down next year. I am sorry that that is the case. I earnestly plead with the government that there be no further delay than the earlier part of the next session in the bringing down of old age pension legislation, and I hope that when it is brought down it will be adequate.

The other matter about which I should like to say a word is this. I feel the government has been exercising authority by order in council for so long and in so many cases that at times it gets a bit slipshod in its use of that power. I must register my protest against an action which was taken a short while ago, which we managed to get hold of by questions in the house. On Saturday, August 17, we were discussing with the Minister of Reconstruction and Supply (Mr. Howe) certain matters relating to the Aeronautics Act. I asked about the implementation of a certain section of that act, and I was told by the minister in definite language, as recorded on page 5002 of *Hansard*, that the section of the act had been changed by order in council. I indicated that I had not heard of that particular order in council, but I was assured that it had been tabled. Well, even at that procedure I was annoyed, because it seemed to me that the provision in the act as passed by this parliament in 1944 was very definite, and that the government was exercising pretty wide use of its powers under order in council to change a significant and important section in an act of parliament. But my concern for that procedure led me to try to get hold of a copy of the order in council. That effort was in vain. I was informed in due course in the privy council office that there was no such order in council. Accordingly, I raised the matter in the house on the orders of the day on Tuesday, August 20, as recorded in *Hansard* at page 5077. I asked on that day for the Minister of Reconstruction and Supply to indicate the number and date of the order in council. He replied to me:

My legal department calls my attention to the fact that there was no order in council.

I asked under what authority this matter had been dealt with, and was told by the minister that it was done by a cabinet decision arrived at on February 16 last. Now, Mr. Speaker, I ask the Minister of Justice to follow this pretty closely. I grant that maybe it was a slip and perhaps the government should be pardoned a little bit for an error now and then, in face of the tremendous amount of business it has to do. But when a cabinet, merely by a decision it makes within the four walls of a cabinet meeting, changes an act of parliament without even going to the bother of getting an order in council, it does become serious.

I have done a little studying of this matter in "The Law and Custom of the Constitution", by A. V. Dicey. But for the fact that I do not want to take much time I could read from that book, with which I am sure the Minister of Justice is familiar, the comments on this whole practice of royal proclamations and legislative action by the executive. The thing which interests me is the opposition there has been to orders in council down through the years of British parliamentary history; and when you get to the end, this at least is clear, that there are recognized only two methods of legislation: one, which is frowned upon, orders in council; the other, acts of parliament. There is no provision for legislation by cabinet decision. Yet the Minister of Reconstruction and Supply told me

[Mr. Bracken.]

that this change in an act of parliament was made by a cabinet decision arrived at on February 16 last. If I understand correctly, the minutes of the cabinet meetings are not kept, at least are not made available to the public. My information is that decisions of the cabinet, of the government, have effect and force only when they become orders in council made by the governor general in council on the recommendation of the cabinet or a minister thereof. The Minister of Reconstruction and Supply read from a decision arrived at by the cabinet. This was the decision, according to the minister:

The cabinet, after discussion, agreed that the time limit for separation of control of air services from that of railways be extended for another year, i.e., until two years after the end of the European war.

I am not discussing the issue itself, the actual decision changing one year to two years, but the whole principle of this kind of change being made in this instance not by order in council but by a cabinet decision. I quote further from *Hansard* at page 5077:

Mr. Knowles: I rise to a question of privilege. The section of the act says that it must be done by the governor in council. There was no order in council, and therefore I suggest that the act has been violated.

Mr. Mackenzie: It does not have to be under an order in council; the government decides in council.

In other words this was not just a slip on the part of the Minister of Reconstruction and Supply; the Minister of Veterans Affairs (Mr. Mackenzie), the leader of the house at the present time, concurred in the practice. I continue quoting from *Hansard*:

Mr. Coldwell: Without the authority of parliament? May I ask the Minister of Reconstrucion, or the leader of the house, if either of these gentlemen means to imply that the government has authority to do what is not authorized by this house or by statute?

Mr. Mackenzie: The government of the Dominion of Canada is a responsible body, responsible to parliament and responsible by answering questions on the floor of the house, and whether there is an order in council or not the government can take action and answer to parliament accordingly.

Mr. Knowles: That is not the way the act reads.

I should have said, "that ain't the way I hear'd it." It does seem to me that even if this is only a slip, and even if it has been taken care of in some other way since it was brought to the attention of the government as was done on that occasion, I should be remiss in my duty if I did not make this further comment, that the government should be very careful under their powers to legislate by order in council, and certainly that this kind of thing should not happen again. It leaves me with the question of whether or not it has happened in other instances. It was by pure accident that I found this out, by pressing the minister for the information about that order in council which he told me had been passed; and my interest in it, as I have already said, led me to try to get a copy of the order in council. This was the result. I suggest to the government that they should be very careful in the exercise of powers through the medium of order in council. This kind of thing certainly must not take place; there is no provision for it whatever; and even when they do things by order in council I suggest they should be very careful not to go beyond the intent of parliament in the legislation that is passed by this house.

Mr. G. H. CASTLEDEN (Yorkton): I want to add my protest to that of the hon. member for Winnipeg North Centre (Mr. Knowles). I believe every citizen of Canada should be fully informed of what is happening here to-day, when this type of thing can take place. Surely it is the duty of every member of parliament to act as custodian of the freedom of the people, and to see that the democratic procedures of government are followed. Members of parliament are sent here as representatives of the people. We pass the laws. The act to which the hon. member refers does not contain any provision under which it may be altered by order in council. There is a right to enact regulations by order in council, but there is no right to change acts. Here we have an act actually changed, not even by an order in council but, as the minister has said, by the cabinet discussing the matter and agreeing that the time limit for separation of control of air services from that of railways be extended for another year, that is, until two years after the war.

I want to know whether the Minister of Justice (Mr. St. Laurent) condones that sort of thing, and what the other members of the cabinet think about what was done in this case. The minister himself will be expected, when he comes before this house, to explain why he informed hon. members that an order in council had been passed, as he did on August 17, at page 5002 of *Hansard*:

The effective date of this legislation has been advanced by order in council passed under the emergency powers act.

Then the hon. member for Winnipeg North Centre said:

I suppose that order in council was tabled?

Mr. Howe: Yes; all orders in council passed under the emergency powers act are tabled.

But there was no such order in council, so naturally it was never tabled. I can remember that in 1935 and during previous election campaigns the Prime Minister went from coast to coast telling the people about order in council government. We learned something about democracy in those days; still we have this sort of thing happening in Canada. Every member of parliament should be alert and on guard, watching what is going on. Is this type of thing to be condoned in Canada? I shall have something more to say when we get into committee.

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, I should like to make one brief comment. I believe the question raised by the hon. member for Winnipeg North Centre (Mr. Knowles) is of far-reaching importance, and I for one hope that the Minister of Justice (Mr. St. Laurent), whose opinion would carry great weight both in this house and throughout the country, will not let this debate conclude without saying something on the point, particularly in reference to the statement of the Minister of Veterans Affairs (Mr. Mackenzie) which to me, though I am not a constitutional expert, certainly did seem an interesting and extraordinary proposition.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, the incident which has been brought before the house by hon. gentlemen to my right emphasizes one of the grave dangers inherent in government by order in council, and indicates that the sooner we can get rid of the emergency powers act the better it will be for government in Canada. Before the Prime Minister (Mr. Mackenzie King) left for Europe he had a chat with some of us, and on behalf of this group I agreed that if he would call the 1947 session as early as possible in January we would support the amendment to the National Emergency Transitional Powers Act, which is now before us. I am going to stand by the agreement I made at that time; as I say, I gave the undertaking that we would support it, on that one condition. However, I did like the amendment suggested by the leader of the opposition (Mr. Bracken); I do believe it is a safeguard, and when the minister speaks I should like him to indicate whether the government will be prepared to accept such an amendment, because my own feeling is that I should support it.

Mr. WILLIAM IRVINE (Cariboo): I want to say just one word. I think the matter which has been brought to the attention of the house by the hon. member for Winnipeg North Centre (Mr. Knowles) is something regrettable, if the facts are exactly as he stated them to be. I hope the minister will be able to give a satisfactory explanation to the house. Personally I am not prepared at the present time to give up all controls which the government now holds. I supported the extension of these controlling powers some time ago, and I will still support them until such time at it may be proper to remove them. I am not sure that we shall ever remove all of them. I hope not, because I think somebody has to control something some time in order that we may go somewhere instead of nowhere.

Mr. ST. LAURENT: Mr. Speaker—

Mr. DEPUTY SPEAKER: I must inform the house that if the minister speaks now, he will close the debate.

Mr. ST. LAURENT: With respect to the suggestion of the leader of the opposition as to an amendment, may I refer hon. members to page 3157 of *Hansard* of July 5, 1946, where the Prime Minister (Mr. Mackenzie King) made this statement:

> I believe it would be meeting the wishes of hon. members generally if I were to give an immediate undertaking that, unless something unforeseen may occasion us to call parliament sooner than the time I am going to mention, or something occur which might render it desirable to take an extra week or two before calling parliament, parliament will be called before the end of January, probably the last week in January.

The implementing of that undertaking would have the same effect as the amendment suggested by the leader of the opposition. I will not oppose the addition of that amendment to the bill, although it does seem to me that it is perhaps unnecessary in view of the categorical statement made on July 5 by the Prime Minister.

Mr. BRACKEN: In the statement the minister has read there is mention of "something unforeseen" happening. It is just to cover those unforeseen things that I advanced my amendment.

Mr. ST. LAURENT: If something unforeseen did happen and it became impossible to have parliament meet and deal with the existing situation, a pretty chaotic condition might arise. I am not going to take the responsibility of dividing the house upon it, but I do wish hon. members to realize that there has been as positive an undertaking as any responsible Prime Minister could give, subject of course to unforeseen conditions. We know in recent years that unforeseen happenings do occur. If the house feels that it should take

the responsibility of making this terminate on March 31, even though there should be unforeseen conditions that might make it impracticable to have the house meet as stated by the Prime Minister, I shall not ask the house to divide on such an amendment. But I do suggest that the possible disadvantages appear to outweigh the possible advantages of having that addition made.

I wish to tender my sincere thanks to the hon. member for Winnipeg North Centre (Mr. Knowles) for the reasonable and understanding way in which he has made his suggestion. I have not had an opportunity of going into this matter in detail, but there is no doubt that there cannot be any amendment of legislation by a decision of the cabinet. My understanding was that the decision of the cabinet was to refrain from taking any action, but there will have to be by regular constitutional methods an amendment made to the legislation. I have not had an opportunity of examining the statute in question in order to express an opinion as to how that legislative change could be made. Section 14 of the act reads:

> Every licence issued under part III of the Transport Act, 1938, or under part VII of the air regulations, 1938, prior to and in force at the time of the coming into force of this part shall be deemed to be a licence issued under section twelve of this act, but every such licence if not cancelled or suspended by the board under section thirteen of this act, shall cease to be valid one year after the termination, as fixed by order in council, of the war in Europe which commenced on the tenth day of September, one thousand nine hundred and thirty-nine.

There has not yet been any date fixed by order in council as the date of termination of the war which commenced on September 10, 1939. There has been for the purposes of the War Measures Act an enactment by parliament that the War Measures Act would come to an end when the National Emergency Transitional Powers Act came into force. My understanding was that the decision of cabinet was merely a decision that it would not take steps to force the railway companies to divest themselves of licences for air transport. There was no attempt made to modify the legislation; it was merely a decision as to what conduct would be adopted by the department. All hon. members who have spoken about this are quite right in saying that there cannot be amendments of legislation except by parliament or when parliament has so authorized by order in council.

Mr. KNOWLES: The minister told the house that as he understood it the effective date of section 14, which you have just read, was May, 1946. The minister stated that an order in council had been passed, and it was when that order in council was not available that he told us this decision had been taken by cabinet. I do not wish to press the matter a great deal further, because I am glad to have on the record the opinion of the Minister of Justice that such action certainly was not in order if it was taken in that way.

Mr. ST. LAURENT: As I said before, I am glad that the hon. member has used the language he has in commenting upon it.

Mr. KNOWLES: Don't do it again, or the language will be tougher.

Mr. ST. LAURENT: Hon. members know that we have all been under tremendous pressure; when a question is raised in the house without notice one replies according to what his impression of the facts may be at that time and it can happen that that impression may not be strictly accurate. With respect to the question of law, there is no doubt that no amendment can be made by a decision of the cabinet unless parliament states that it shall be made in that way. I do not know of any legislation under which parliament has so stated. The conduct of the administration in carrying out the legislation of parliament is conduct about which decisions of cabinet are frequently made and with respect to which the administration is responsible to this house. I am sure that is what was meant by the Minister of Veterans Affairs (Mr. Mackenzie), because I do not think anyone would attempt to say that amendments can be made to statutes, or even to orders in council adopted under statutes, by any other method than an act of parliament or an order in council made under powers granted by an act of parliament.

Mr. KNOWLES: So the section the minister read still stands as law?

Mr. ST. LAURENT: Here again, unless there has been legislation, and I do not know of any, or unless there has been an order in council, and I do not know of any, it still stands as existing law.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—Continuation.

Mr. BRACKEN: I think it is to this section that the amendment I proposed should be moved. As I said, it would not change the intention of the government as expressed by its own amendment. My amendment simply asks that if for any reason parliament should

meet later than January, by that action this statute will not be extended. That is all. So that hon. members may understand it, I will read the section as proposed to be amended by the government, together with the addition I propose:

Subject as hereinafter provided, this Act shall expire on the thirty-first day of December, one thousand nine hundred and forty-six, if parliament meets during November or December, one thousand nine hundred and forty-six, but if parliament does not so meet it shall expire on the sixtieth day after parliament first meets during the year one thousand nine hundred and forty-seven.

The words I propose to add are:

or on the thirty-first day of March, one thousand nine hundred and forty-seven, whichever date is the earlier.

That does not tie the termination of the act to a movable date, and it does not shorten the period within which the government has indicated its willingness to amend the act.

Mr. ST. LAURENT: Mr. Chairman, I do not want to repeat at length what I have said. I will not ask to divide the committee upon it. I think it is possibly dangerous to have my hon. friend's amendment made. I will give just one illustration, not that I have any reason whatsoever to feel that there is any probability or even reasonable possibility of its happening. But should there come about something which required a dissolution of parliament—

An hon. MEMBER: Like an election?

Mr. ST. LAURENT: Like an election, parliament might not after the present prorogation have another opportunity before March 31, 1947, to do anything that would retain for any further period the wartime prices and trade control, rent control, the control of marketing required to carry out the international agreements that have been signed. That would bring about a chaotic situation. I do not think there is any chance of its coming about. Nevertheless, in French we have a proverb "gouverner, c'est prévoir," and if that should come about I would not like it to be felt that it was the responsibility of the government. If it should come about, it would have to be regarded as the chance that was taken by parliament itself and I should like to have it remembered that I advised against it. I think that everything that would be achieved by the amendment will be achieved under the undertaking given by the Prime Minister, and it would be only if the very unexpected thing should happen, of which there does not seem to be the remotest possibility at the present time, that the earlier date would be the one expressed in the amendment of the hon. leader of the opposition. I respectfully submit that the possible disadvantages do outweigh the possible advantages of having that fixed date written into the law.

Mr. BRACKEN: Whatever action is taken by the house on this amendment, the government must accept responsibility for it, because it has a majority in the house. I say that only because of the argument just made by the minister.

I have only one other thing to say. This question was raised by the Prime Minister in June or early July last with I think all the leaders of parties on this side of the house. Certainly it was taken up with me, and I agreed to it, on the condition that this house would meet in January. At that time there was no condition laid down such as "something unforeseen" happening.

Mr. ST. LAURENT: Oh yes, there was. If the hon. member will just look at *Hansard*—

Mr. BRACKEN: I am not talking about what appears in *Hansard,* but of what the Prime Minister said when he called us in and asked if we would agree. I said we would if the house met in January. The Prime Minister said he would give that undertaking. But when he came into the house he qualified that undertaking by saying, unless "something unforeseen" happened parliament would be called in January. Mr. Speaker, this is not something for prolonged debate, and I have nothing more to say except this: If the government intends that this statute shall not be continued beyond March 31 next, we will accept the government's amendment, subject to the one I have just moved; but if it wants to extend the act for some reason or other beyond that date, we could not agree to it.

Mr. MacINNIS: I consider the amendment proposed by the leader of the opposition to be a reasonable one in the circumstances. I do not think anyone in this house can accuse me of not being reasonable, particularly in this matter. I felt last session when we were discussing the emergency powers bill that the official opposition were being unreasonable in their criticism of the extension of special powers which the government was asking for. I felt that the government because of circumstances should have a considerable amount of —if I may use the word—elasticity in dealing with affairs in transition. But I received a distinct shock when, the day before parliament adjourned, I think it was, after the act was amended, the government brought in orders

in council putting measures into effect with which parliament had definitely declared it would not have anything to do. So that on this occasion I feel that there should be a distinct limit to the powers which are exercised now under the National Emergency Transitional Powers Act. If they need to be extended later, after parliament meets, I believe this group will be prepared to deal with the matter then on its merits, but at the moment I think we should support the amendment made by the leader of the opposition.

Mr. LOW: I would urge the government to accept the amendment; I believe it is a good one, and this group feels strongly that it should be adopted. If after the house meets again it is necessary to give the government support in any suggested changes which might be necessary to meet difficulties that will or may arise, we certainly will support them in the passing of an order in council or of any legislation they desire. But I would urge strongly that the government accept this.

Amendment (Mr. Bracken) agreed to.

Mr. CASTLEDEN: It is interesting that the minister said to-day that the only order in council passed in regard to the termination of the war is in regard to the termination of the war for purposes of the War Measures Act.

Mr. ST. LAURENT: No. What I said was that no order in council had been passed, but that this house had, by a statute which was enacted last year, declared that for the purposes of the War Measures Act the war against Germany and Japan shall be deemed no longer to exist. That is section 5 of chapter 25 of the statutes of 1945. It reads as follows:

> 5. This act shall come into force on the first day of January, one thousand nine hundred and forty-six, and on and after that day the war against Germany and Japan shall, for the purpose of the War Measures Act, be deemed no longer to exist.

That is what I was referring to.

Mr. CASTLEDEN: That is the only action we have so far as the official termination of the war is concerned. There has been no termination of the war other than for the purposes of the War Measures Act, and the other order in council, P.C. 7514, dated January 4, 1946, for the purpose of the Excess Profits Tax Act. Otherwise we are officially at war with Germany and Japan?

Mr. ST. LAURENT: Under international law we remain at war until the treaties of peace shall have been signed.

Mr. ADAMSON: Just one question on that. Surely the government of Germany no longer exists. There is no recognized government of Germany at all to be at war or peace with.

Mr. ST. LAURENT: But the German state does exist; the existence of war is existence of war between the allies and the German state, and German nationals are still technically to be regarded as enemies.

Mr. CASTLEDEN: Officially as far as Canada is concerned the war will not be deemed to be terminated until there is some proclamation after the signing of peace; is that it? It complicates legislation in different parts of Canada with regard to agreements, collective bargaining agreements and leases and the rest, and arrangements between governments and various bodies to the effect that such and such a regulation shall continue so long as the war shall be deemed to exist, and they are waiting for the federal government to declare the war at an end to end that legislation. However, that is not the important point. So far as the government's action is concerned in advancing the date as it applies under section 14 of the Aeronautics Act, in doing that by a cabinet decision, do I understand the minister to say that that was just an oversight, that they had no intention of changing legislation?

Mr. ST. LAURENT: I have said nothing of the kind.

Mr. CASTLEDEN: Is it the intention of the government at this time to pass an order in council in respect of that?

Mr. ST. LAURENT: I am not in a position to say what are the intentions of the government. Frankly I do not remember whether I was present on this occasion when the cabinet decision referred to by the minister was made. The minister has said here that in his opinion this change should be made and that he would in due course recommend it, and I think he was asked if he did not think that his opinion would have considerable weight with his colleagues. Nevertheless I am not in a position at this time to state what will be the government's policy in that regard.

Section as amended agreed to.

Bill reported, read the third time and passed.

MILITIA PENSION ACT

AMENDMENT RESPECTION PENSIONS, ALLOWANCES AND GRATUITIES

Right Hon. L. S. ST. LAURENT (Acting Prime Minister) moved the second reading of bill No. 392, to amend the Militia Pension Act.

Mr. HUGUES LAPOINTE (Parliamentary Assistant to the Minister of National Defence): As the minister pointed out on Friday last when he introduced the resolution to the house, briefly this act tries to bring into conformity with the Civil Service Superannuation Act the present Militia Pension Act. In view of the fact that the provisions of the Militia Pension Act, and also those of the Royal Canadian Mounted Police Act, appertaining to service pensions of members and benefits for their dependents, were not uniform with the provisions of other long-service pension plans of the federal government, there was established by treasury board minute a committee to review these acts, having in mind the provisions of the Civil Service Superannuation Act, and to recommend legislation aiming at the attainment of a degree of uniformity with the latter statute. The treasury board minute stated that the committee was to make its examination on the understanding that the changes which might be made would not apply to any member of the forces now under the respective acts unless such member so elected. The house might be interested to know that this committee was presided over by Mr. G. D. Finlayson, superintendent of insurance and comprised representatives from the three services, the financial superintendent of the Department of National Defence, and the director of the superannuation division of the Department of Finance, together with members of the staff of the treasury board to help them in their work.

The present bill is the one which was drafted by this committee, and it has the recommendation of the committee. The bill, as the explanatory notes indicate, is twofold in its scope. Sections 1 to 5 are for the purpose of amending and bringing up to date the existing provisions of the Militia Pensions Act so as to permit time served on active service during the last war to be included in the pensionable term of service of persons appointed to the permanent forces prior to April 1, 1946 and also to provide for minor amendments in part II of the act, which relates to the naval service, consequent upon certain administrative changes therein. The remaining section of the act adds a new part, part V, which is to be applicable to all persons joining the permanent force after March 31, 1946, in other words, all new members coming into the post-war army and also those persons to whom the present act applies and who may elect to come under the new part.

The new part V provides that all persons to whom it applies shall contribute a percentage of their pay and allowances towards making good the pensions, gratuities and allowances specified in the part. It also makes provisions, to the extent therein provided, for the payment of allowances and gratuities to the dependents of all persons to whom this part applies. In these respects, this new part added to the act differs from existing provisions in that under the latter only officers and warrant officers were required to contribute to the pension fund, whereas on the other hand only the widows and children of those officers and warrant officers were eligible for any allowances and pensions. Part V conforms in principle and in substance to the Civil Service Superannuation Act, with such modifications and adaptations as were necessary to adapt the principles of that act to the particular circumstances of the armed services.

Hon. GROTE STIRLING (Yale): I should like to indicate the position we take with regard to this measure. It received its first reading only on the 23rd, that is three days ago, one of the intervening days being a Sunday, and I understand it has not been considered by the veterans affairs committee. The members of our party who have served in the forces have not had any opportunity of considering it, and we regard it as a very heavy piece of legislation to bring forward at this stage of the session. We are of the opinion that every clause of it should have been considered by a committee, preferably the veterans affairs committee. That was not done, and we must therefore take the view that since it is putting this bill through at this late date the government must take the onus of responsibility for it.

Mr. J. O. PROBE (Regina City): I feel, as does the hon. member who has just spoken (Mr. Stirling) that this whole subject of permanent force pensions might well be referred to the study of a special committee. However, I wish to make a few observations on the bill which is now before us. The position at the present time is that when men have served for a period of years in the permanent military establishments of the country, and while they are still comparatively young, they are put on a lifetime pension paid by the people of Canada for the good service which they rendered while members of the permanent force.

With the general thesis that a pension should be paid by the state to its servants there can be no disagreement. But when we consider the comparative inequity as between the permanent force, in regard to service pensions, and civilians in other walks of life, both members of the civil service and the people who have to buy annuities and pay for them, which annuities become pensions on their retirement from active work, then I think it is time some of us uttered a very strong protest.

I direct the attention of the house to the comments made by the auditor general with respect to the Militia Pension Act on page 47 of the 1945 accounts. Certain statistics which he gives are of interest and, I think, might well be put on the record:

In 1938-39 there were approximately 1,400 contributors under the act. The number is now in excess of 4,800. The increases are mainly in army (from 1,000 to over 2,300) and in air (from 305 to 2,066). Contributions in 1938-39 were $179,027.16 and in 1944-45 the sum was $715,594.37.

That is the contribution by the individual in the service toward the pension fund.

On the other hand, disbursements by reason of awards increased from $1,548,537.55 to $2,227,534.95 in the same period.

That simply means that the government of Canada has increased the payment to pensioners by roughly fifty per cent in the period from 1939 to 1944. Putting it in still another way, in 1938-39 the awards under the pension act were roughly ten times the contributions made by the individuals who expected to benefit from the pension funds.

In 1944-45 the amount paid out in pensions was roughly three times the amount put in by the prospective claimants to pension. In other words the expenditure by the government itself, without any quid pro quo by the service persons was at the rate of $1,500,000 a year in 1944-45. To my mind there is no objection to the fact that the federal government is contributing to this pension. Do not overlook that. I shall come to that point in a moment. May I again quote from the auditor general's report:

It will thus be observed that current contributions represent about one-third of the outgo. In the 1944-45 fiscal year, 275 awards were made under the Militia Pension Act. In the case of those who were contributors prior to May 1, 1929, pension awards are computed on pay and allowances as of the date of retirement; in all other cases a three year average is applicable. A survey of awards made in 1944-45 shows that, when promotions have been frequent, the pension award generally approximates or exceeds the pay and allowances of 1939.

A table is given to illustrate the size of the pension in certain specific cases. I shall refer to a number of these examples to give the members of the house and the country generally an indication of what our permanent force people get by way of gratuity for the remainder of their lives from a generous government. Here is an example of a person who retired from the services at the age of forty-three,—a younger man than I am, and considerably younger than most hon. members in the house. He had had twenty-one years of service. In August 1939 he was a sergeant. He retired as a squadron leader. The pay and allowances which were considered for the purpose of computing pension under the act were at the rate of $4,210.51 a year. This gentleman, who is now forty-three years of age, receives a pension for life of $1,760.35. That, of course, is a fairly generous pension for a man who still has, I hope, many years of life ahead of him.

Let me give another example. It is that of an officer in the army who is now forty-seven years of age and who had twenty-eight years of service. Before the war he was a major. He retired as a major-general. At the time of his retirement he was receiving pay and allowances of $8,533.94 a year. By way of pension award we are giving him $4,947 a year. If he lives the normal life span I have no doubt that the country will be saddled with this very generous pension for anywhere from twenty to thirty or forty years. That is not the most extreme pension case.

Mr. GIBSON (Hamilton West): Would the hon. member permit an interruption? The hon. member said that at the date of retirement this officer was receiving pay at the rate of $8,533.94 a year. That is the amount of pay and allowances for computing pension, and it would be an average of his three years' pay and allowances, not the amount he was actually receiving at the time of retirement.

Mr. PROBE: I stand corrected. I said earlier, in quoting from the Militia Pension Act report of the auditor general, that the basis of computation for those who have joined the service after 1929 was the last three year average rather than the last year of pay. Since this gentleman had twenty-eight years of service, I would judge that he was in the service before 1929. However, I am happy to accept the correction. I am not so much concerned about the fact that his average pay over the last three years was some $8,500; what I am concerned with is that a comparatively young man, forty-seven years of age, should be receiving a pension of $4,947 a year. After all is said and done, that is not a bad

rate of pay when we remember what is happening in connection with the fifteen cents an hour for which the steelworkers are asking.

Let me give one more example, and I shall conclude my references to the examples which are set out in the auditor general's report. A gentleman with the fleet recently retired at the age of fifty-three after thirty-five years of what undoubtedly was good service. He retired with the rank of vice-admiral. For the purpose of computing his pension, his pay and allowances, which may have been over a three year average—that I am not prepared to say—was $12,629.94 a year. Grateful Canada digs into the national coffers to the extent of $8,840.96 a year to pay a pension.

An hon. MEMBER: What about the privates?

Mr. PROBE: There is nothing here about privates, consequently there is no use in talking about pensions for privates. I venture to say that the auditor general could not have a great deal to complain about with respect to pensions for privates. I recall bringing a complaint before the Minister of Labour (Mr. Mitchell) with respect to the pension of a permanent force private. He is receiving a pension of $79 a month and has tried to supplement his pension by taking employment. When he took employment—not with the feedral government—he was entitled to both his pension and his pay as an employee; but by the terms of our various federal regulations that man has to give up his pension while working for the federal government if he receives a salary in excess of $79 a month. I understand that there are certain distinguished members in the house, certainly one a member of the Conservative party, who is receiving a pension which is in the neighbourhood of the amount that we receive as members of the House of Commons with the $2,000 expense allowance we were given last December. The point I want to make is that these pensions which run into several thousand dollars annually are likely to be paid for a considerable number of years, because the pensioners themselves are still comparatively young. They are entirely out of line with pensions payable to our aged, with pensions which people themselves are able to buy, with pensions which are paid to the buck private, the aircraftman or the naval rating.

There is a way around this matter of paying pensions based on the last year's pay and allowances or the last three years' pay and allowances before the officer or the rating was put on pension. If the government insists on keeping a form of differentiation between the brass hat and the private, why could it not consider paying a basic pension to all ranks, say the present rate of pension now paid to the private, the aircraftman or the naval rating? Then officers in the permanent force who have been receiving $3,000, $8,000, $10,000 or $12,000 and who may wish to supplement their pension could contribute five or ten per cent of their salaries to the government, which could arrange to give them the actuarial value of the payments they had made during their years of service in order to supplement what would be paid to the average rank and file of the permanent force at the end of their service. I think that would be perfectly fair, and the government would not then be saddled with an expense over twenty or twenty-five years which is out of all proportion to what the government is willing to pay to others who have been equally worthy in the service of their country.

I am not taking a thing away from the service rendered during the period of enrolment in the permanent force; I am not taking away any of their lustre. If we must have a permanent force, they must be paid, but they should be paid on an equitable basis. There are other people who have filled more humble roles but who have been equally valuable in the development of the country and who receive a miserable pittance of $20 or $25 or $28 monthly which we are prepared to pay by way of pension.

When people are old, regardless of whether they have been generals or privates, they have the same needs. It is not necessary to build up an estate for these people. If they have been generals or squadron leaders they have been in receipt of amounts far in excess of those received by the average citizens of this country. If they wish to go for a trip around the world in their old age, they have had the means to provide while they are earning. I take very violent exception to concurring—

An hon. MEMBER: Vigorous.

Mr. PROBE: I do not care about the terminology, but I mean violent. I take the strongest possible exception as a taxpayer to having to pay pensions to people who are still comparatively young, and on the other hand having to concur in the miserable pittances we pay to other citizens who have contributed just as greatly to the well-being of this country.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—Subsection repealed.

Mr. CASTLEDEN: Is there any machinery by which contributions can be made by officers in the armed forces so that they may have their ordinary pensions supplemented?

Mr. LAPOINTE: The amount of contribution to be made is set out in section 44, which reads:

> Every person to whom this part applies shall, by reservation from his pay and allowances, contribute to the consolidated revenue fund the following amounts:
> (a) while in receipt of pay and allowances of twelve hundred dollars per annum or less, five per centum thereof;
> (b) while in receipt of pay and allowances over twelve hundred dollars and not over fifteen hundred dollars per annum, five and one-half per centum thereof but not in excess of an amount which would reduce the remainder of his pay and allowances to a rate per annum of eleven hundred and forty dollars; or
> (c) while in receipt of pay and allowances over fifteen hundred dollars per annum, six per centum thereof but not in excess of an amount which would reduce the remainder of his pay and allowances to a rate per annum of fourteen hundred and seventeen dollars and fifty cents;

Those are exactly the same percentages provided for in the Civil Service Superannuation Act.

Mr. CASTLEDEN: What happens to a man's contribution when he retires before pensionable age?

Mr. LAPOINTE: It depends upon what the basis of retirement is. If an officer retires voluntarily, his contribution is paid back. If he has not had at least ten years' service, is most cases of retirement he would receive a gratuity equal to one month's pay for each year of service.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. PROBE: The expenditures under the Militia Pension Act undoubtedly will increase considerably with the proposed expansion of of the permanent force. In order to make the different clauses of this bill more intelligible I think the parliamentary assistant should indicate the probable cost to the treasury when members of the enlarged permanent force begin to take advantage of the retirement benefits. If he cannot give this information now, perhaps he will have it prepared and tabled as soon as convenient.

Mr. LAPOINTE: I am afraid I have not the figures for which the hon. member is asking—that is, the cost projected fifteen or twenty years ahead. I shall be glad to have these statistics prepared. I have only the figures, which my hon. friend has himself, of the amounts expended during the years previous to the war. I do not think these could be used as a basis of comparison, because the provisions of the new legislation are different. Under the new legislation the pension is based on the average pay and allowances for the last six years, whereas most of the pensions paid prior to the war were based on one year's pay and allowances.

Section agreed to.

Sections 2, 3 and 4 agreed to.

On section 5—"Force."

Mr. HARKNESS: Paragraph (f) of this section states that "service," in the case of a man, shall not include time served without pay in the force. The only time a man serves without pay, so far as I know, is when he is absent without leave or is under detention.

Mr. LAPOINTE: This applies particularly to the naval services. My hon. friend is quite right; that would be the time when a contributor is not receiving pay—when he is absent without leave, and so forth.

Mr. PROBE: I think paragraphs (e) and (f) should be considered together. I should like to have the assurance of the parliamentary assistant that clause (f) would not mean time spent by a man in the non-permanent forces.

Mr. LAPOINTE: No.

Mr. PROBE: As I read paragraph (e) it means that an officer shall receive credit for time served in the non-permanent active militia or on equivalent duties at the rate of half time, whereas (f), if it follows directly from that, means that a man who was not a commissioned officer would not be given credit for the time served in the non-permanent force.

Mr. LAPOINTE: Paragraph (e) applies particularly to the navy, and is intended to put the naval services on the same footing as the militia. As my hon. friend knows, half the time served in the militia up to ten years can be counted for the purposes of pension under the present act, and this is to put the naval services on the same footing. Paragraph (f) does not mean what my hon. friend is saying. As he knows, a man serving in the non-permanent militia is on duty and is paid.

Section agreed to.

Section 6—Part V.

Mr. HARKNESS: Is this section to be carried as one, or will each of the different clauses making up part V be considered separately? I think it would be preferable to do that.

The CHAIRMAN: I take it the hon. member would like to ask questions on any section in part V that would be in order.

Mr. HARKNESS: The new section 46 provides that the governor in council may grant pensions, allowances and gratuities to certain groups of people which are specified. Does that mean that in some cases they will be granted and in other cases they will not be granted, or does it mean that they will be granted in all cases?

Mr. LAPOINTE: As I understand it, a pension is always at the discretion of the governor in council. This is similar to the Civil Service Superannuation Act and the Judges Act, and I believe it was also in the old act.

Mr. HARKNESS: Certain of the subsections of section 46 deal with the granting of pensions to men who have had ten years' service but less than twenty years' service, and in some cases it covers men who have had less than ten years' service. It seems to me that the granting of a pension on the scale provided for members of the permanent force to a man who has had no more than ten years' service is unduly generous treatment. These subsections should be explained more fully. I can foresee the situation where many men taken into the army will in say ten, twelve or thirteen years be retired on substantial pensions after a comparatively short period of service. We have not had much time to study the bill and I should like a little information on what I would call the ten-year pension clauses. I would much prefer that these clauses stand for further consideration next year. I would refer to section 46(d)(ii) on page 7 of the bill, especially lines 25, 26 and 27, and in particular to the phrase "and who was not in the forces on the first day of June, 1944." I do not know what that means.

Mr. LAPOINTE: First may I say that no pensions are paid to anyone who has had less than ten years' service. A gratuity may be paid in some cases on the basis of one month's pay for each year of service, but no annual pension is paid unless ten years of service have been completed. What my hon. friend refers to as the ten-year pension clauses cover officers and other ranks who have served for ten years, which qualifies them for pension, and the amount of the pension depends upon the total years served. There is also a clause covering a man who is disabled, and provision for a man who has served over ten years and also served during the late war. A similar clause is in the present act. Then there is also a pension for the man who has served for at least ten years and who, to promote efficiency or economy in the service, is retired. He receives two-thirds of the pension which he would have received if disabled. The clause to which my hon. friend referred, (d)(ii), is to cover an officer who was not in the permanent force before the war but served during the war and whom we wish to keep in the service because of his experience or usefulness. He may be permitted to retire on the grounds set out in (d)(iii).

Mr. HARKNESS: What is the meaning of the phrase "and who was not in the forces on the first day of June, 1944"?

Mr. LAPOINTE: That is to cover those officers who were not in the permanent force on that date and whom we wish to retain in the service.

Mr. HARKNESS: It is not by any means intended to take care of the man who did not join the forces until after June 1, 1944?

Mr. LAPOINTE: No, that is not the purpose at all.

Mr. HARKNESS: Paragraph (g) is to take care of the contributor who retires voluntarily or is compulsorily retired for any reason. He receives an allowance equal to his total contributions, without interest. The other provisions providing pensions are pretty generous, and it seems to me it would only be fair to pay to the class of contributor mentioned in paragraph (g) his total contributions plus interest.

Mr. LAPOINTE: This same provision exists in the Civil Service Superannuation Act and other government pension acts. The contributions are returned without interest.

Mr. HARKNESS: Even when the man is retired compulsorily?

Mr. LAPOINTE: Whether compulsorily or voluntarily, the same provision applies.

Mr. PROBE: Throughout this whole section runs the phrase "otherwise than by reason of misconduct" and occasionally "misconduct or inefficiency." The governor in council is not obligated to pay an annual pension in such cases. If a man is retired after twenty years' service and is refused a pension, how can he make certain that his case has been justly treated? What recourse has he?

Mr. LAPOINTE: The cases for which, as pertaining to pensions, an officer or other rank may be considered to have been discharged for misconduct are specified in subsection 3, paragraph (a) in case of an officer, and paragraph (b) in case of other ranks. For instance:

(b) in the case of a member of the forces other than an officer,

(i) he is discharged or dismissed from His Majesty's service by sentence of a court-martial; or

(ii) he is discharged by reason of conviction by a civil court of a court-martial, or in the naval forces, is dismissed.

These are cases in which the man would lose his right to pension. In other cases he would have a pension. Now, as to his case being reviewed or given sufficient consideration. I venture to say it would not come under the administration of this act, but rather, where a man is court martialed, he has the usual appeals which are given to other men and he can make a petition, as my hon. friend knows, to have his court martial reviewed and the sentence quashed. But that does not come under this. If the sentence is changed or quashed he will qualify, because this proviso would disappear.

Mr. PROBE: There is one safeguard: section 50 actually covers the procedure, where the treasury board makes its report, and retirement for misconduct is referred to a board of officers to be appointed by the minister, to be known as the pension and claims board, for the purpose of investigation on review. As the parliamentary assistant knows, and as many of us in the house know, what constitutes misconduct in a military sense may not be misconduct in a civilian sense, and it seems to me that where the military authorities have ruled misconduct the right of appeal of the individual service man should be to some board other than a military one. Would the parliamentary assistant express an opinion or offer a suggestion with reference to that phrase "board of officers" on page 11, line 22 of the bill? If instead of a board of officers reviewing these appeals we had someone not connected with the military service at all, there could be no element of injustice and I would say that once they disposed of a claim their judgment could be accepted all round. A military tribunal has rigid standards of military misconduct which might not be tenable in an army that is functioning in peacetime.

Mr. LAPOINTE: I can only repeat that the man cannot be discharged for misconduct, according to the terms of this bill, except as a result of a decision of a court, be it a court martial or a civilian court. He can go through the usual procedure and the usual channels which are available to anyone in the army to appeal from that decision. Again, the board referred to in section 50 can recommend that in spite of this discharge for misconduct he be granted a pension.

Mr. PROBE: But my objection is that the appeal is to a board of "officers".

Mr. LAPOINTE: I agree with the hon. member that there are cases in which a man can be court martialed for some military offence, some breach of discipline which in the light of civilian living would not constitute an offence. But I suggest that that is something which the man who enlisted in the army has to put up with. When he joins the army he renders himself liable to the Army Act and the various regulations which are enacted for the army, and similarly with any of the other services. He is informed of that, he knows what the law is as far as he as a soldier is concerned, and he must abide by it.

Mr. CASTLEDEN: I wish to refer to section 6.

Mr. BRADETTE: It was carried.

Mr. CASTLEDEN: I should like to point out to hon. members that section 6 of this act begins on page 3, ends on page 14, and includes all the sections from 42 to 56.

An hon. MEMBER: You had plenty of notice before it was carried.

Mr. CASTLEDEN: We have had the bill several weeks, I suppose?

Mr. STIRLING: Three days.

Mr. CASTLEDEN: We have not carried clauses 42 to 58 under section 6.

Mr. BRADETTE: It has been carried.

Mr. CASTLEDEN: Well, perhaps you would like a little fight about it. I want to refer to section 42. I notice that—

(i) "service" means time served in the forces and includes, for the purpose of making contributions and of computing pensions, allowances or gratuities under this part;

(ii) time served in the civil service or the Royal Canadian Mounted Police;

Can any person coming out of the civil service or the mounted police and joining the army include any time that he has had either in the service or the police?

Mr. LAPOINTE: Yes, the time counts which they have served in the civil service and during which they have contributed to the civil service superannuation fund. The reason for this is that they continue to contribute in the army on the same basis and the same percentage of their pay. In other words a civil servant who has after six or

eight years in the civil service contributed yearly five or five and a half per cent, according to his salary, may join the permanent force and continue to contribute.

Mr. CASTLEDEN: Assuming that a person were to move out of the Department of Agriculture and join the army, the time served in the department could be reckoned as pensionable time and considered as service as far as he is concerned?

Mr. LAPOINTE: That is right.

Mr. CASTLEDEN: That applies to any branch of the civil service?

Mr. LAPOINTE: That is right.

Mr. CASTLEDEN: I was wondering about the meaning of section 42, subsection 1, paragraph (iv):

(i) in the case of any person appointed to or enlisted in the forces on or after the first day of April, 1946, one-fourth of the period of service counted as service in the non-permanent active militia in respect of army personnel; as service in the auxiliary active air force or the Royal Canadian Air Force (auxiliary) in respect of air force personnel; and as service in the Royal Canadian Naval Reserve, the Royal Canadian Naval Volunteer Reserve or the Royal Canadian Navy (reserve) in respect of naval personnel;

Is that class the same as it was under the old pension act?

Mr. LAPOINTE: No; in the old act it was half the time served in the militia; under this act it is one-fourth of the time served in the militia.

Mr. CASTLEDEN: Could the assistant give us a typical case? Take an officer whose pension is contributed on the basis of say $2,200, and who would be contributing six per cent deductible for his pension; that gives him about $132 a year. Suppose he serves for a twenty-year period; what would his pension then be? Compare that with, we will say, a ranking soldier whose pay and allowances amount to $1,000 a year, and who is contributing only five per cent, which would be $50, and he has served twenty years. What would the pensions be in the two cases?

Mr. LAPOINTE: The pension would be twenty-fiftieths of the average of his last six years' pay and allowances. That would be the pension to which he would be entitled upon being retired. Should he die instead of being retired at that particular time the pension which his widow would receive would be one half of what he would have received, and if there were any children each child would be entitled to one-fifth of the widow's pension up to $300, and if the child were an orphan, up to $600.

Mr. CASTLEDEN: That is, to each child.

Mr. LAPOINTE: To each child, but in the case of a widow and children the total amount cannot be more than three-quarters of the full pension which the contributor would have received had he been retired instead of dying; and should there be no widow, the total amount received by the children cannot be in excess of what the widow herself could have received.

Mr. CASTLEDEN: A man in receipt of $2,200, who contributes for nine years and then voluntarily retires can receive no more than this gratuity, which is the equivalent of one month's pay for each year?

Mr. LAPOINTE: Yes, if disabled or compulsorily retired.

Mr. CASTLEDEN: What happens to the contributions of about $1,100 in this case, he has made during the nine years he has been in?

Mr. LAPOINTE: I have not figured it out, but I am sure his gratuity would be more than the amount he had contributed to the fund. In the case mentioned by the hon. member he would receive a gratuity which would represent about 8·5 per cent, whereas he has contributed either 5, 5½ or 6 per cent.

Mr. JAQUES: I will not mention any names, but the case I am about to discuss is familiar to the minister. I wish to use it to illustrate what I think will be a great hardship upon a number of officers and men. An officer in the permanent force with fifteen years' service, including certain years at R.M.C., has a disease of the nerves, Parkinson's disease, which in a few years will cause total disability. He was discharged last month on account of this disease. He tried to have the discharge postponed for another month because he understood that this act was coming up for revision and that if he were still in the army when the bill now before us was passed he would then benefit, being entitled to a service pension under the act. Having been discharged the month previous, however, he finds himself and, as he says, a number of others are no doubt in the same position, excluded from the provisions of the act. This man has now fifteen years' service less one month, including four years at R.M.C., three years in the R.C.N.V.R., and seven years in the R.C.A.S.C., but he will not be eligible for disability pension because the trouble first appeared while he was at R.M.C. and according to the experts in the D.V.A., including Brigadier Melville, under the present regulations he is not eligible for service pension,

having less than twenty years. He says he understands that the new part V of the Militia Pension Act "is soon to be discussed" and that if he were on the strength at the time of its passing he would receive the benefits of this legislation, disability pension and service pension. He goes on to say that his situation is desperate.

This man is in no way fitted for civilian life. He has no income; he has a disease which will get progressively worse; he has a family to support, and he says it was imperative that before July 20 he should take some steps to make himself eligible for benefits under the proposed legislation. After July 20 he would be discharged, and, inevitably under the circumstances, would be ineligible for the pension. For that reason he tried to get his discharge postponed.

I took this up with the department and with the chief pensions advocate but apparently I was not successful. This is the position of this officer, a major, after fifteen years' service in His Majesty's forces. Through no fault of his own, in consequence of a disease by which he will become totally disabled, he now finds that beyond some gratuity he will not receive any benefits under this revision of the pension act, which, had his discharge been deferred until the passing of the act, he would have been entitled to receive. He says there are a number of others in the same case. It does work a great hardship on these men. Could not something be done to include those who were discharged just prior to the passing of the act?

Mr. LAPOINTE: I fully appreciate the situation which the hon. member has mentioned. It is quite true that under the proposed legislation, the new part of the act, this officer would probably be pensioned off. At present the statute does not permit of a pension in his case. All I can say is that when he joined the service he knew the conditions as regards both pay and pension, and he joined at a time when the regulations were such that no one could be pensioned before twenty years. Under special circumstances which are indicated in the act and of which he was aware, the officer is entitled to a gratuity of one month's pay per year of service, which would be eleven years, because I do not believe that the four years of Royal Military College service is pensionable service; but he cannot qualify for a pension under the act which legislated in these matters when he enlisted in the service. I shall be glad to have the case looked into, although my hon. friend says that has already been done. I do not know whether I shall be able to help, but if he will give me the particulars I will see if there is anything that can be done toward helping this particular case. I am afraid that is all I can say.

Mr. JAQUES: It is probably true that this man enlisted with his eyes open, but a pension is a long time to look forward to. The point I wish to make is that had he retired on his volition this summer it might be different; but he did everything he could to postpone his retirement, because he knew that the act would be amended. It would have meant only another month had he been allowed to remain in the active force for eleven years, and then he would have received the benefits of this act for the rest of his life. As it is now he will receive no benefit, other than a gratuity, which will not help him very much. There may be many others like him. A few years from now this man because of his physical condition, will be unable to do anything for himself. He will have no pension, and will have no way of making a living or supporting his family. I should like to appeal to hon. members of the committee in order that something should be done. I am not saying that this is exactly within the scope of the bill—I do not think it is—but there should be some way of dealing with cases of this kind.

Mr. BENTLEY: We are dealing with section 6, or are we dealing with the bill paragraph by paragraph?

The CHAIRMAN: Section 6 has been carried, but further consideration is being given to the bill. We are not dealing with the paragraphs as such.

Mr. BENTLEY: I have a number of questions on new section 51. Before I deal with this section I should like to say that I heartily concur in what the hon. member has just said, that there should be some practical arrangement made to take care of cases of the kind he mentions.

New section 51 says:

> No allowance shall be granted to the widow or any child of a contributor under this part
> (a) if the person to whom it is proposed to grant the allowance is in the opinion of the treasury board unworthy of it.

The explanatory note reads as follows:

> This is similar in principle to subsections (2), (3) and (4) of section 9 of the Civil Service Superannuation Act.

What is the standard of measurement the treasury board uses to decide whether a person is worthy or unworthy?

Mr. LAPOINTE: I am afraid that I have been given no information as to what the exact standard is to judge whether someone is worthy or unworthy to receive an allowance.

Mr. PROBE: Does it depend on how she dresses?

Mr. LAPOINTE: I do not think so. I believe the treasury board acts only as a result of investigations made into the circumstances of the particular person, similar to what is done with regard to veterans' allowances, where at times the allowance is taken away from the veteran and given to his wife because it is considered that he is using the money for purposes other than that for which they were given. I understand the same procedure is used here. I doubt very much whether it often happens.

Mr. BENTLEY: There would not be a regulation covering it?

Mr. LAPOINTE: Yes, there would be regulations of the board covering this matter.

Mr. PROBE: As I see it, the actuarial value of a military pension after thirty-five years of service is considerably greater than the pension payable to a civil servant after thirty-five years of service, because a military pensioner may retire at age fifty-five and the civil servant retires at age sixty-five. I believe I am correct in that. Combined with that is the fact that for the purpose of the Militia Pension Act "service" includes service in the civil service. Suppose a man has been in the civil service up to about the age of fifty-two. He then decides that he would like to retire at the age of fifty-five. He says: I will have thirty-five years' service and I shall get a pension ten years longer than otherwise. I presume the parliamentary assistant can explain to the satisfaction of the committee that there is a safeguard which prevents a man from transferring at age fifty or fifty-two from the Department of National Health and Welfare to the Department of National Defence, the permanent force, staying there for a year or two and then getting a full pension because his employment in the civil service is counted in full, as I understand it. That is why I want this cleared up. Can a man transfer from the civil service to the permanent force a year or two before the age of fifty-five, assuming that in the normal course of events he will have thirty-five years' service in the civil service or the permanent forces by virtue of these regulations? What is to safeguard the government from having to pay an extra ten years' pension to a man who can get into the permanent force at that late date?

Mr. LAPOINTE: I would say the safeguard would be the age set by the army for acceptance of personnel. As my hon. friend knows, the age limit for each rank is much lower than it was. I would say that in the case to which my hon. friend refers the individual could not be accepted in any rank in the permanent force because he would be of an age limit higher than the age which is being accepted at the present time. The age limit of the interim army is fifty, and that is for ranks of brigadiers and above.

Mr. PROBE: The point is that there is no opportunity to make a transfer from the civil service. The regulations of the armed forces will be sufficiently rigid to prevent such a juggling of positions for the purpose of securing an earlier pension.

Bill reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF TRANSPORT

Air service—civil aviation division—

433. Airways and airports—construction and improvements including radio facilities—(revote $562,200)—captial, $3,837,425.

Mr. HAZEN: I believe I asked the minister for a breakdown of this item. He said he would get it for me.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Yes. The field services, including a revote of $277,800, amount to $1,664,135; radio-aviation, with a revote of $284,400, amounts to $2,173,290.

Mr. FRASER: How does Canadair fit into this picture?

Mr. HOWE: It is not in this picture. Canadair is owned by the government, through the agency of the Department of Reconstruction. It is operated as a crown plant, under a management contract. There is no vote for Canadair in these estimates.

Mr. FRASER: But Canadair builds for Trans-Canada Air Lines, does it not?

Mr. HOWE: Yes, it is building planes for Trans-Canada Air Lines, and also for the R.C.A.F. I believe it is also building for other air lines. It is doing a business of building and converting aircraft.

Mr. MACDONNELL (Muskoka-Ontario): What is the relationship between the figures for civil aviation on page 58 of the estimates, and those given on page 283 under demobilization and reconversion? Are there two departments? There is one under the heading of administration at page 283, and on page 58, while there is a small item for administration, there is a larger one for salaries and office expenses. Is there just the one organization with these two different amounts of expenses?

Mr. HOWE: Yes. The first list of items represents the normal aviation estimates. In other words, it is a continuation of the work carried on by the department prior to and during the war. The reconversion estimates apply to expenses incurred in taking over airports which were formerly military establishments. They have been taken over, and a great number of them are being operated. They are in process of being incorporated into the airways system.

Mr. MACDONNELL (Muskoka-Ontario): I notice an item of $17,500,000 for purchase of aircraft, under the heading "liquidation of contracts" at page 279 of the estimates. Is that quite apart from or is it related to the civil aviation division?

Mr. HOWE: That is a reconstruction item. It has nothing to do with this vote.

Mr. CASTLEDEN: How many airports are affected under this item?

Mr. HOWE: There are some 183 airports of which some forty are affected by this item.

Mr. CASTLEDEN: Do these airports make service charges for aircraft of the R.C.A.F., Trans-Canada Air Lines and Canadian Pacific Air Lines which come in? How are these rates arrived at, and what are they?

Mr. HOWE: Civil aircraft are charged. There are no charges against government-owned aircraft. Or, let us say, there is no charge against the R.C.A.F.; we will put it that way.

Mr. CASTLEDEN: How about T.C.A. and C.P.A.?

Mr. HOWE: T.C.A. pay for the privilege of using the airport, usually on a monthly basis. It is $150 a month for the first trip, and $100 for each successive flight in the same day. In other words, if there are six landings of a T.C.A. plane, one would be charged at $150 a month and the succeeding landings at $100 a month.

Mr. CASTLEDEN: And how about Canadian Pacific Air Lines?

Mr. HOWE: The same rates.

Mr. CASTLEDEN: What are private rates?

Mr. HOWE: They vary according to the size of the aircraft. Those rates are subject to revision. They are around $1 to $2 per landing, for private aircraft.

Mr. CASTLEDEN: What was the revenue last year in this operation?

Mr. HOWE: The total revenue was $193,348.64, for the year 1945-46.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister say a word on this item? Does it mean that to a very large extent we are subsidizing transportation by air? In other words, we are paying an enormous amount of the cost of everyone who flies. First of all, is that correct, and if so, why?

Mr. HOWE: It is true that the costs of operating aviation facilities in the country are greatly in excess of the revenue derived therefrom. A study is being made of ways and means to close the gap, and it is the intention that ultimately it will be closed entirely. My hon. friend will appreciate that because of the upset of war, and the transitional period through which we are now passing, there is bound to be a great gap there. Of course, the costs of building airports are capital charges. But it is my hope that the operating expenses can, in time, be covered by revenue from aviation operation.

Mr. MACDONNELL (Muskoka-Ontario): What has been the experience or what is the history in countries where air transport has reached a much higher level, or is more greatly advanced? Does it pay its way? I understand that the minister is considering wholly operational charges; he regards invested capital as a contribution.

Mr. HOWE: I suppose the United States comes closest to covering its operating charges —closer than any other country—but the gap has not been closed there yet. I think most airports in the United States are self-sustaining. The money is chiefly collected at the airports. However, the weather service is for all the citizens. Only part of the expenditure is devoted to aviation. Radio beams are paid for apart from the revenue service.

Mr. KNIGHT: Will the main line from Winnipeg to Edmonton be ready to put into operation as soon as the airport at Saskatoon is finished?

Mr. HOWE: The progress on the airport at Saskatoon has been disappointing. We had hoped to have the service in operation early this summer. All the other facilities are ready, and the service will be put in operation as soon as that airport is finished.

Mr. KNIGHT: When is it expected that the contract will be completed?

Mr. HOWE: It is expected that the airport will be completed sufficiently for use this autumn. I cannot give the exact date, say around November 1.

Mr. HERRIDGE: The other day the minister said that consideration was being given to a future policy in connection with municipal airports. In my constituency there are several municipal airports, but I would refer particularly to the Tadanac municipal airport at Columbia Gardens. This airport is not within a municipality but serves a surrounding district. I should like to know if airports like this will receive any consideration.

Mr. HOWE: I stated that because of the large expenditures during the war it was the intention to keep expenditures on municipal airports to the minimum this year, but consideration would be given to working out a future policy for municipal airports.

Mr. CASTLEDEN: How many airports are in the Churchill area and in the Yukon and northwest territories?

Mr. HOWE: In the Churchill area we have an airport at Churchill and one at The Pas. I have not the number for the northwest territories, but there is a chain of airports known as the northwest staging route. There is also a series of airports down the Mackenzie river. For example, there are airports at Fort St. John, Fort Smith, Smith river, Grande Prairie, Watson lake, Whitehorse and Edmonton.

Mr. MacNICOL: And Dawson?

Mr. HOWE: That is operated by the Department of Mines and Resources; it is not part of this system.

Mr. CASTLEDEN: Are those airports all completed?

Mr. HOWE: They are all completed.

Mr. CASTLEDEN: Are they used principally by Canadian planes, or by others as well? I understand Standard Oil is carrying on work in that area. What would be the rate charged to planes of the Standard Oil that might use these airports?

Mr. HOWE: I know of no Standard Oil operations in that area, and I know of no Standard Oil planes operating there. If they did come in they would be charged the rate for itinerant planes.

Mr. ROSS (St. Paul's): Is it intended to enlarge the Malton airport to handle larger ships, or is it large enough for all practical purposes?

Mr. HOWE: The area of the Malton airport is quite sufficient for all types of traffic, but a project is under way to lengthen the runways to take four-engine traffic, and we hope to have that completed this autumn.

[Mr. Howe.]

Mr. ROSS (St. Paul's): What length of runway will be required?

Mr. HOWE: Between five and six thousand feet.

Mr. MacNICOL: Is that all they are at Malton?

Mr. HOWE: They are about 4,000 feet to-day, and we intend ot lengthen them to at least 5,000 feet.

Mr. MacNICOL: Are not the runways in the northwest staging route at Fort St. John, Fort Nelson, Watson lake and Whitehorse 10,000 feet in length?

Mr. HOWE: Those were built for the heavy traffic of the American B-29's, and the longest runway is 6,000 feet.

Mr. ROSS (St. Paul's): Is anything contemplated in connection with the de Havilland airport?

Mr. HOWE: No. That airport is being passed to the R.C.A.F. as a base for a squadron.

Item agreed to.

Air service—civil aviation division—

437. Grants for advanced aeronautical instruction and to aeroplane clubs, including grant of $5,000 to the Canadian Flying Clubs Association, $33,000.

Mr. CASTLEDEN: What was the distribution of this vote last year?

Mr. HOWE: There was a grant to the light aeroplane clubs as a means of promoting an encouraging interest in aviation, $2,500; grant to the Canadian Flying Clubs Association, $5,000; grant to the university of Manitoba to assist in maintaining courses of advanced aeronautical instruction for students of aviation, $500; and a grant to the national research council to provide for aeronautical research conducted on behalf of the Department of Transport for civil aviation purposes, $25,000.

Item agreed to.

Air service—meteorological division—

438. Meteorological service, $581,300.

Mr. ROSS (St. Paul's): Can the minister give an estimate of the total cost of the meteorological service of Canada?

Mr. HOWE: The present cost of the service is about $3,500,000 per year. What it will be, I do not know.

Mr. ROSS (St. Paul's): Surely there is some plan in contemplation. People are a little critical about the amount of money being spent on these meteorological services as compared with the amount spent previously.

Mr. HOWE: My hon. friend says he is a little critical, but I am more critical. Facilities were greatly enlarged during the war. Stations were built in the north and in Newfoundland, and the services throughout Canada were enlarged to take care of the military airdromes. The greater frequency of service on the airways made it necessary to enlarge the staffs there. Radio-sonde is a new and expensive development which involves the sending up of balloons equipped with radio in order to obtain details of weather conditions at the higher strata of the atmosphere. All in all we are giving a vastly better weather service than before the war, and a vastly more expensive service. I am endeavouring to find out to what extent the cost can be reduced. This estimate is about the war time level, but I hope to be able to present estimates in the future that will show a reduction.

Mr. MACDONNELL (Muskoka-Ontario): Is there any way other than by going through all the estimates and picking out items here and there by which we can get the full cost of the meteorological service, so that we can form a judgment upon it? Is there available anywhere a full statement and breakdown of the cost?

Mr. HOWE: There is no single vote covering everything, but the cost can be found by adding three figures together—the normal aviation figure, the reconversion figure, and the figure in the supplementary estimates. Another reason for the cost being greatly in excess of pre-war is aviation across the ocean. The expenditure on transatlantic aviation is very heavy indeed. It is not stabilized as yet, but is is hoped that the cost of operating can be stabilized within the next year, so that a better picture of the cost can be shown than is the case to-day. Canada is responsible for the transatlantic service, as regards both Canada and Newfoundland, and the cost is a heavy item.

Mr. ROSS (St. Paul's): Is there an arrangement by which the United States and other countries share the cost of the meteorological service?

Mr. HOWE: Yes. In the war Canada assumed responsibility for weather services across the north Atlantic to the extent of facilities in Canada and Newfoundland. PICAO is studying a fair allocation of the cost of all weather services between all users, and if Canada is paying more than her share we shall be compensated for any surplus, and if we are paying less than our share we shall be charged accordingly.

Mr. MACDONNELL (Muskoka-Ontario): I would ask the minister if he does not think it would be reasonable in future to have a statement compiled showing the full cost of the meteorological service so that we could judge it intelligently. I am not going to waste more time on that now.

Mr. HOWE: Next year there will be only two sets of items, in the main estimates and in the supplementaries. This year there are three, because the treasury board believed that a year of transition was necessary for it to be able to measure the expenditure properly. That is, the direct peace time expenditures can be shown against earlier peace time expenditures, and the transition expenditures can be shown against the war expenditures. The supplementary items are over and above anything contemplated when the main estimates were prepared. This is the last year for transition estimates.

Mr. MACDONNELL (Muskoka-Ontario): Does the minister not think that the part of the cost of the meteorological service which is attributable to the air service should be shown as part of the cost of the air service, so that we might know what all the costs were for the air service?

Mr. HOWE: The cost of the aviation meteorological service is included in the aviation estimates, but the Department of Transport pays the whole cost of meteorological services for all purposes, including the weather service to farmers, to fishermen and to all parts of Canada.

Mr. STIRLING: Is the information which is collected from the government meteorological stations sent to one particular place, such as the observatory, for compilation and transmission?

Mr. HOWE: All the weather services are put on the teletype, which goes to every station in Canada. We have local forecasting centres which take such teletype information as is of value to them. The information that is collected from the weather observation stations is sent to all parts of Canada and the United States; similarly we get on our teletypes in Canada all the information that is collected in the United States.

Item agreed to.

Air service—radio division—

440. Administration of the Radiotelegraph Act and regulations, $169,200.

Mr. MacNICOL: There is a slight increase in this item. Does that mean that another station is being added? I do not suppose it

does. This is one item that the department could safely increase, because it gives the far north a marvellous service.

Mr. HOWE: The Radiotelegraph Act is the act for policing all the airways. It allocates all frequencies, and establishes the rules of the air as they affect radio and radio broadcasting. The increase is caused by statutory increases.

Item agreed to.

Air service—radio division—

441. Radio direction finding stations, radio beacons and radiotelegraph stations, operation and maintenance, $860,800.

Mr. MACDONNELL (Muskoka-Ontario): What is the reason for this substantial increase? Being a non-technical man I should have thought that with the ending of the war the stations would have had less work to do.

Mr. HOWE: These stations are an aid to navigation. Additional stations are being installed. These stations are operated on a twenty-four hour basis, so that the cost of operating them is fairly well fixed. The increase is caused by taking over more stations.

Mr. FRASER: You have new stations on the great lakes?

Mr. HOWE: No new stations have been established there recently, but new stations are added from time to time on the great lakes.

Mr. HAZEN: At page 245 of the estimates the last item but one is "contracts." Above that is "freight express and cartage," and "repairs to buildings and equipment." What kinds of contracts are these?

Mr. HOWE: The department has had a contract for years with Canadian Marconi, which operates certain stations on the east coast and the great lakes. Instead of manning these stations with civil servants they are manned through a contract with the Marconi Company.

Mr. ADAMSON: Does this item include the beam service for transcontinental airways?

Mr. HOWE: No.

Mr. ADAMSON: Under what item does that come? Is there a beam service on the far northern routes?

Mr. HOWE: That is under item 435, for $1,100,000.

Mr. ADAMSON: How far does the beam extend? Does it go up to Yellowknife?

Mr. HOWE: There is a beam from Edmonton to Whitehorse, and a beam being installed at Yellowknife. Yellowknife is the end of the beam.

[Mr. MacNicol.]

Mr. MacNICOL: It does not go to Norman Wells, though.

Mr. HOWE: No.

Mr. ARCHIBALD: I have had representations, and I believe the minister has, from civic bodies at Smithers asking for repeater stations there to cut out a lot of interference with their reception of radio. It is a widely scattered area, and they have very poor reception. They have been constantly asking for repeater stations. Is there any hope of these people in central British Columbia getting that service?

Mr. HOWE: My hon. friend refers to a matter which comes under the jurisdiction of the Canadian Broadcasting Corporation. He is referring to a repeater station for broadcasting. It is a matter of policy for the broadcasting station as to whether a repeater station will be installed there or not; and I assume that the matter of funds is also for the C.B.C.

Item agreed to.

Air service—radio division—

442. Suppression of local electrical interferences, $265,850.

Mr. MACDONNELL (Muskoka-Ontario): Does this mean that the government, not content with controlling human beings, is now controlling the forces of nature? If so, how far does it go?

Mr. HOWE: This item provides services for suppressing interference with radio. As my hon. friend is aware, there are a good many appliances which can make radio reception in a community very bad indeed. If complaints are received, the officers operating under this vote have a car which is equipped to track down radio interference; an examination is made and the interference detected and orders issued that the interference shall be removed. However, it is under this vote that these radio licences are collected for the C.B.C.

Mr. ROSS (St. Paul's): How do we keep the two departments separate? There is first of all the administration of the Radiotelegraph Act, then there is radio direction finding stations; then, suppression of local interferences; and also the issue of radio licences. Are these items kept separate, or do they go together?

Mr. HOWE: The two services are operated by the same staff. That is why I thought the one vote covered both. But there was a separation of the services—the cost of collecting radio licences being separated from the cost of removing interference with radio reception. This is owing to the fact that it has

been the practice to bill the Canadian Broadcasting Corporation with the cost of doing away with interference to radio reception.

Mr. ROSS (St. Paul's): The two things really go together?

Mr. HOWE: It is the same organization.

Mr. ROSS (St. Paul's): As I have pointed out before, the cost of collection of radio licences of $4,200,000 amounts to $527,000. It is a nuisance to the people concerned.

Mr. HOWE: The cost of collecting radio licences in Canada is lower than in any other country we know of; it is about twelve or thirteen per cent of the amount collected. I believe that the last time I saw the figures the cost of collection in England was about twenty-eight per cent of the total received.

Mr. ROSS (St. Paul's): To carry it to its logical conclusion we should tax each radio receiving set. The man who has ten sets should not have to pay only $2.50 if the man who has only one set pays $2.50. Also it seems to me that there should be some other basis of collection. There is no equity in the way it is done now. There is no more reason for taxing the fellow who has a radio set than there is, as my colleague said the other night, for taxing the man who has a washing machine, or something of the kind. I cannot see any economy about a system which costs $527,000 for collection and which, further, has no real principle as a basis of collection.

Mr. HOWE: My hon. friend will recall that at one time we did attempt to collect on a separate licence for each individual receiving set, but we found there was absolutely no way to check the number of receiving sets in a house, and we had to depend solely on the honour system. I may say that the honour system was so disappointing that we decided to make honest men of a great many people by going back to the principle of one licence for one house. I think the contention is that one can only listen to one set at a time, and that it is the same music whether you have one set or six, so there is a certain justice in making the charge for the broadcasting services of the country so much per household instead of so much per radio set.

Mr. ROSS (St. Paul's): Why not so much per listener?

Mr. HOWE: Well, you could do that.

Mr. ROSS (St. Paul's): One person may have a radio set to which others will listen. There is no rhyme or reason in having a plan for the collection of money when the money can be obtained at much less cost from the consolidated revenue fund of Canada.

Mr. MacNICOL: I should like to ask three questions. I gather from what has passed between the minister and the hon. member for St. Paul's that the questions may have been put already. How many receiving stations are there in Canada, including those installed in motor cars; what revenue is received from them; and how much does it cost to collect the revenue?

Mr. HOWE: I can give the hon. member that information in compact form. During the fiscal year 1945-46 which terminated on March 31 last a total of 1,754,351 receiving licences were issued, resulting in a gross revenue of $4,260,379.14. From that latter amount must be deducted total commissions paid, of $295,775.90, and the cost of administration, $231,818.48, leaving a balance of cash to be turned over to the broadcasting corporation of $3,732,784.76 in respect of receiving licences. In addition to the moneys from commercial broadcasting station licences, an amount of $40,500, being the fees accruing from the issue of private commercial broadcasting station licences, will also be turned over to the C.B.C.

Mr. SINCLAIR (Vancouver North): The minister mentioned the amount paid in commissions for the sale of these licences. Last year when I was home one of these men making the house to house canvass came to collect the licence fee and I paid it gladly. My neighbour, when paying his, asked the man where he came from, whether he was a veteran, what experience he had had in such matters, and I found to my surprise that this man who was selling licences on behalf of the government was, to begin with, not a veteran, that he did not even live in the constituency in which he was selling licences, and was very uncertain as to how much he received from the sale. Since the government is so anxious to provide employment for veterans, I would ask the minister first of all how these house to house canvassers are employed, whether they need be veterans, whether they are required to be residents of the locality in which they collect the licence fees, which obviously would be helpful since they would know the district, the streets and the area; and finally whether there is a veteran's preference in connection with the house to house sale of radio licences.

Mr. HOWE: There has always been a veteran's preference in these appointments. The appointments are recommended by the

district office of the department and are managed by that office. It is not a very attractive job. It pays twenty-five cents per licence, but the difficulty is that if the man calls on you and suggests that you buy the licence from him, you have the option of going to your post office and getting it there.

Mr. SINCLAIR (Vancouver North): But they ask to see your licence, and of course, everyone who has not a licence buys one. That is a way to make money.

Mr. HOWE: It is not bad for a month or two, but we expect these men to stay with the job to the bitter end, taking not only the flush period that comes around the first of April but also the dull period around the first of November when practically everyone has already bought a licence and it is merely a matter of cleaning up.

Mr. GOLDING: In my constituency the Legion makes the recommendation.

Mr. SINCLAIR (Vancouver North): I hope that practice will extend to the riding of Vancouver North and that the Legion will recommend the appointment and not someone in some other constituency.

Mr. HOWE: Some time ago the practice was established by the department of accepting a recommendation from a member of the Legion. It is not an attractive job, as I have said.

Mr. SINCLAIR (Vancouver North): Any ob is better than no job at all.

Mr. GOLDING: One of our members, who is not at present here, is interested in the method of insuring, as far as the C.B.C. is concerned. What companies carry insurance for C.B.C., and how is the insurance distributed?

Mr. HOWE: The matter of C.B.C. insurance appertains to another department of government.

Mr. ADAMSON: Has the minister the figures for prosecutions for non-payment of radio licence fees?

Mr. HOWE: The total for the year 1945-46 was 8,749 convictions.

Mr. FRASER: The minister said that if there was any interference, all a person had to do was to put in a complaint. To whom do they complain?

Mr. HOWE: The district inspector of radio for the locality.

[Mr. Howe.]

Mr. FRASER: Is that in the Department of Fisheries?

Mr. HOWE: No, Transport.

Mr. FRASER: Is it not a fisheries truck that is used?

Mr. HOWE: No, a transport truck equipped for the purpose.

Mr. BENTLEY: How many years does the department consider it reasonable for a radio owner to wait until interference is checked?

Mr. HOWE: If he had to wait years he would get used to the interference.

Mr. BENTLEY: That is what we have been doing.

Mr. HOWE: We try to give prompt service.

Mr. CAMPBELL: In connection with the question of interference, there are many electrical appliances that are sold without condensers. I refer particularly to the electric razor. In the last few months quite a number of these razors have been sold, and the moment one is turned on there is interference with all the radios in the block. I suggest that the electric appliance people be compelled to equip these appliances with proper condensers before they are sold.

Mr. HOWE: The Department of Transport is particularly concerned about the electric razor situation, and discussions are going on with the provincial authorities to endeavour to set up standards which will do away with the interference. We are working on that and hope to get a razor that will cause less interference.

Mr. FRASER: The minister said that a transport truck was used to check up on interference. I understand that at Perth it is a marine and fisheries truck that is used. Is that right?

Mr. HOWE: My hon. friend is thinking of the old department of marine and fisheries, which existed up to 1936. Perhaps they have not changed the name on the truck but that department disappeared in that year and became the Department of Transport.

Mr. FRASER: They still have "Marine and Fisheries" on the truck.

Mr. HOWE: That truck may be retired one of these days.

Mr. McKAY: I believe the minister indicated that there was a 25-cent commission allowed the house to house canvassers, but he did not say what commission is allowed the postmaster.

Mr. HOWE: The amount allowed canvassers is 25 cents; staff post offices, 5 cents; accounting post offices, 15 cents; radio dealers 15 cents; banks, 15 cents; R.C.M.P. 25 cents.

Mr. FERGUSON: The law would seem to be objectionable when you have 8,000 convictions. The department is trying to enforce the law and it costs us over half a million dollars to collect a little over four millions. I should think the government would endeavour to collect that amount in some other manner which would not necessitate the prosecution of 8,000 Canadian citizens annually. Apparently prosecutions under this method are necessary. Is it not possible to devise some other method of collecting this money, which seems to be needed, and collecting it with less difficulty and far less inconvenience to the public?

Mr. HOWE: I shall be very glad to receive suggestions. The matter is studied every year, and no country in the world has succeeded in collecting at lower costs. I can assure my hon. friend that if prosecution stopped collections would rapidly drop.

Mr. FERGUSON: I realize that collecting would be necessary, but it does appear that the service must be irritating since it is somewhat similar to the Ontario Temperance Act which was unpopular and unnecessary.

Mr. HANSELL: We seem to be dealing with two items. Item 442 deals with suppression of local electrical interferences. Has that item been carried? If so, I should like to ask a question on item 443.

The CHAIRMAN: We should first of all carry item 442.

Item agreed to.

Air services—radio division—

443. Issue of radio receiving licences—(transport department only), $223,515.

Mr. HANSELL: I should like to know why this amount is $223,515 when the department will require more than that, although I do not know that I am willing to vote more than that. The position is that if the amendment to the broadcasting act is passed this session, which I hope it is not—

Mr. MacNICOL: Everybody hopes the same thing.

Mr. HANSELL: The position will be that the Department of Transport, which has been receiving over half a million dollars in collection fees, will not receive that amount in the coming year. If they are to continue the collecting of fees and pay the expenses connected therewith, instead of needing the appropriation of nearly a quarter of a million they will need three-quarters of a million. I do not see anything in the supplementary estimates which would indicate that they will receive that amount. How are they to get this extra half million?

Mr. HOWE: This item covers the cost of collections to the department, but it does not cover the commissions which are deducted by the collecting agencies. In other words, the funds paid over by the collecting agencies are paid with the commissions deducted. About $290,000 of commissions are deducted from the fees themselves. If the new bill passes, in order to square with the Canadian Broadcasting Corporation, it will be necessary to enlarge this vote by about $290,000 to cover the commissions which are paid to post offices, banks, dealers and private individuals who are assigned to the job of collecting radio licence fees.

Mr. HANSELL: Why does the minister give the amount which he just mentioned when the amount turned over to the corporation last year was $527,000 odd? There is very little difference in the amount we are asked to vote for 1946-47 from the amount we voted for 1945-46; yet the department turned over to the C.B.C. only $500,000. The figures do not jibe.

Mr. HOWE: My hon. friend does not mean "turned over"; he means held back from the gross receipts of radio licences.

Mr. HANSELL: Which they will not now be able to hold back.

Mr. HOWE: If the bill passes they will not. We may have a further supplementary estimate at the end of the year to make up the difference. At the moment we are not obligated to pay to the C.B.C. any more than the net of the collections. There will be an item for perhaps $100,000 which we shall have to vote as a further supplementary payment before the end of the fiscal year.

Mr. HANSELL: The committee should know that this involves an additional taxation of the people to the extent of half a million dollars.

Mr. HOWE: That is right.

Mr. LENNARD: A few moments ago the minister said that he would like suggestions as to other methods of collecting the necessary radio licence fees. I think it was about eight years ago that on a similar item in committee I made a suggestion to tax radios at their source. In other words, when a new radio is sold a tax of $10, $15 or $20 should be put on it. Then there would be no further

taxes; there would be no collection fees. At the present time I doubt whether half the radios in the country are paying taxes in the form of yearly fees. If the minister adopted my suggestion he would save half a million dollars which it costs to collect these fees regularly; he would have the taxes and the people would not be bothered from year to year with this nuisance tax.

Mr. HOWE: That was considered some years ago, probably on the suggestion of my hon. friend, but it was found to be undesirable. It would mean an excise tax on the sale of radios. It was recommended against at the time. Perhaps it could be reconsidered when the matter is again up for consideration.

Mr. CASTLEDEN: I should like to offer a suggestion. Since this extra cost to the Canadian people comes out of the people who are negligent in buying their operating licences, if after thirty days a person were charged a double fee or perhaps a triple fee for their licences it might save the people of Canada a great deal of money. In that way the people who are delinquent are the ones who would pay the bill.

Mr. HOWE: The fines collected are usually more than triple the cost of the licences. As a matter of fact the cost of prosecutions is more than covered by the fines collected.

Mr. CASTLEDEN: Would it not be possible to increase the licence fee if the licence were not bought within a certain date? Is it not possible to impose penalties such as are imposed if one does not pay his water or light bill?

Mr. HOWE: The probabilities are that the people who are willing to take a chance on being prosecuted when the fee is $2.50 would be equally willing to take a chance on being prosecuted if the fee were $5.

Mr. CASTLEDEN: It is worth looking into.

Mr. CRUICKSHANK: My understanding is that where a battery set is used the licence fee is reduced. There are places where electricity is supplied for only a certain period of the day. In my district particularly, it is supplied from six o'clock in the evening on. Some people think they should be given the same consideration as owners of battery sets, and I agree with them. In my district the Canadian Pacific Railway Company with its usual generosity supplies electricity only from six o'clock at night to six o'clock in the morning. I believe the people in that district should have the same consideration as owners of battery sets. I took the matter up with the department and it received official recognition by an official in the department. I was given to understand in writing that my suggestion would be put into effect. Later on, some other official had the idea that it should not be put into effect and he cancelled the previous order. It was embarrassing to a member of parliament. On receipt of the letter from the first official I sent out the information to my constituents telling them that it would be done. Then the other official cancelled it, and as that happened in June a year ago it was most embarrassing to me. I suggest to the minister that it is a reasonable request, particularly in places where power is supplied, as in this particular instance, only from six o'clock at night to six o'clock in the morning. These people should have the same consideration as the owners of battery sets; it would mean a reduction of only fifty cents, as I understand it.

Mr. HOWE: There are only two classes of licences. There is the licence for a set which is designed to use electric current, and which costs $2.50, and the licence for a set which is designed to use batteries, which is $2. I presume that the rate of licence fee depends on whether it is a set designed to use electricity from the mains or one designed to use batteries. It is pretty hard to make other classes for places where the current is on for only certain hours of the day. I hardly think that would be possible.

Mr. CRUICKSHANK: With all respect to the minister, I disagree with him. I cannot see why, when the power is used only at certain hours of the day by the company which is licensed by the minister's department, it should be so difficult. It is producing power between six o'clock in the evening and six in the morning. When I say this I am referring to North Bend, British Columbia. I cannot see why it should be so difficult, at all, when the power is not for sale on a twenty-four-hour basis.

Mr. HOWE: It seems to me that it would be better all round for the citizens of North Bend if they would get battery sets. Then they could get radio reception twenty-four hours in the day and pay a $2 fee.

Mr. CRUICKSHANK: For the benefit of the Minister of Reconstruction, let me say that the citizens in Fraser Valley riding are not going to go back to the horse-and-buggy days for the C.P.R., or for anybody else.

Mr. ADAMSON: Is the minister responsible for the introduction of frequency modulation in Canada?

Mr. HOWE: That is a matter for the Canadian Broadcasting Corporation.

Mr. ADAMSON: And that is also true of television and short wave stations.

Mr. HOWE: Yes.

Mr. ADAMSON: It is not under the minister's jurisdiction, at all?

Mr. HOWE: The policy is not; but the actual licensing is under this department. This department is responsible for the administration of radio telegraph communications. In other words, my hon. friend could not put in a frequency modulation broadcasting station unless he had a licence from the Department of Transport. The Department of Transport would issue the licence only on the recommendation of the Canadian Broadcasting Corporation, which is in charge of policy in all broadcasting matters.

Mr. SMITH (Calgary West): The minister has raised a most important point. Why is this under his department? I cannot figure it out at all as to why they are separate.

Mr. HOWE: There are many more uses for radio channels in the air, in other branches of communication, than there are in connection with radio broadcasting. Radio broadcasting is but a small band in the radio spectrum, whereas there are very large bands used for other purposes. It is necessary that all bands of the spectrum be controlled by one department. That is to prevent encroachment from one band to another. For example, there is far more radio used in connection with radio beams than in connection with broadcasting. For that reason, and on account of the international aspects of the policing of the radio airways, it is under one act called the Radio Act. That act is administered by the Department of Transport which is, by far, the largest user of the airways.

Mr. SMITH (Calgary West): I understand that fully. I think what the minister is saying is an argument in favour of what I was saying.

Mr. HOWE: They are administered by one department. Is the hon. member referring to the Canadian Broadcasting Corporation?

Mr. SMITH (Calgary West): The whole thing.

Mr. HOWE: It was originally in our department, but it is now in another department. I think it makes very little difference.

Mr. SMITH (Calgary West): It was separated during the war. Why is it not put back again?

Mr. HOWE: There is no particular reason for it.

Mr. CRUICKSHANK: I should like to mention one more thing with which I disagree. I believe registration comes under the jurisdiction of this act?

Mr. HOWE: Yes, the Radio Act.

Mr. CRUICKSHANK: In connection with the collection of licences, we had a man appointed to make collections for the entire district. For instance, I have in mind the Chilliwack district. Then, for some unknown reason, the minister's department abandoned that idea, and collections were made through the post office. The department has not collected as much in that district as it did before. It was all very fine for it to say that it wanted to help the veterans. But the veterans are not interested in it, I understand, because they have to buy a book of so many licences and prepay the charges. Then the department reimburses them. In the Chilliwack district there was an excellent collection of licences made when there was a regional collector, and one man collected for the entire area. Then, because Doctor Frigon or somebody else wrote a letter that idea was rejected. I want to know why the minister rejected that system of making collections where, certainly in British Columbia, he collected far more licence fees than he is collecting at the present time.

Mr. HERRIDGE: I should like to support the hon. member for Fraser Valley. Exactly the same condition prevails in my own constituency. I suggest to the minister that if he wishes to give jobs to veterans he should cut out the post office collection, and give the men a territory, as they had it before, so that they could make a living out of it.

Mr. HOWE: The difficulty in connection with cutting out collection agencies is that we compel people by law to pay a broadcasting fee. If we are going to do that we think there must be ways and means through which a private individual would be able to comply with the law. If we are depending entirely upon a collector, we must depend upon the collector calling upon an individual persistently until the licence fee is paid.

Mr. CRUICKSHANK: No.

Mr. HOWE: The individual must be able to find a place where he can pay the fee at any time which suits him within the period in which payments are due. Whether we have collectors in the country districts depends entirely upon whether we get results from them. A study has been made, and we find that collectors do well in the cities, and that

collections are improved by having the collectors. In the country districts, generally speaking, we find there is frequently not sufficient revenue to warrant a collector doing the job he should do. In many country districts we have found it better, from the viewpoint of the department, not to depend entirely upon the collectors.

Mr. CRUICKSHANK: Would the minister get the figures for me because, so far as my district is concerned, I dispute what he says. I am afraid the officials back here in Ottawa are thinking purely in terms of West Ottawa, or some of these districts in Ottawa where one can either get on a street car or walk up town. But that is not true in the rural districts. I defy the minister to show me anywhere in my district where he is able to get collectors for the fee he pays at the present time. The figures in his own department will show, as they were submitted to me, that we doubled our collections when we had the individual process. I believe that is universal in all rural parts of Canada, so far as I know. Why the department changed, I cannot say.

One of the highlights of this session, so far as I was concerned, was the other day when for the first time in the House of Commons a minister admitted he was wrong. I should think that might be so in this instance. The minister should admit he was wrong, and change the system. If the officials do not want to change it, then let him fire the officials and put some in who will make the necessary change.

Mr. FRASER: Why will the Department of Transport not allow into Canada tank receiver and transmitter sets? I ask this question, because War Assets Corporation have sold many of these sets in Canada.

Mr. HOWE: There has been no effort to keep tank receiver sets out of Canada. But it so happens that they cannot be used on Canadian wave lengths. They are all built specially for the military type wave length. They would be quite useless in Canada. However, if anyone wishes to bring one in, he may bring it in.

Mr. FRASER: I am glad to hear the minister say that, that anyone may bring one in. I have in mind a man in Peterborough who wrote to me in this connection, and stated he had been refused permission to bring one in, although he had ordered it in the United States and paid for it. In my letter to the department I mentioned the fact that this man wanted the set only for instructional purposes in the armouries. The official in the Department of Transport said that he could not get it in and the customs said he could not get it in. Then he tried to send it back to the United States and they would not take it. It is now half-way between, and the man is out his money despite the fact that War Assets have sold a great number of these sets in Canada.

Mr. HOWE: My officer who knows about these matters simply advised the customs that there was no purpose in this man bringing it in because it could not be operated with the frequencies we have in Canada. If he wishes to bring it in we will make sure that he is able to do so, because there is no law that prevents him.

Mr. FRASER: This man has been trying to get it in for months. The last letter I have from the United States is dated July 16, which was three or four months after he came back.

Mr. HOWE: Take it up again with the customs.

Item agreed to.

Demobilization and reconversion—air service—civil aviation division—airways and airports—

628. Construction and improvements, including radio facilities, capital, $8,163,000.

Mr. FRASER: Just what does this cover?

Mr. HOWE: This is to provide for the construction and improvement of air fields and radio services. There is an item of $600,000 for administration. Then Edmonton-Winnipeg route, $2,186,000, chiefly for the airport at Saskatoon and certain radio beams. Then the main T.C.A. route, $1,155,300. Then the great lakes route, which is the route from Toronto to Winnipeg, $1,993,400, and the Mackenzie river route, $391,000. There is also the Montreal-Goose Bay route, $144,000, and the Malton-Windsor route, $163,000.

Mr. FRASER: What is covered in connection with each route?

Mr. HOWE: These are capital construction expenditures for airports and radio ranges on the route.

Mr. FRASER: And the layout of fields?

Mr. HOWE: Yes, everything.

Mr. CASTLEDEN: I think it should be made clear whether or not the Aeronautics Act, 1940, is to apply, whether we are to allow private corporations like the T.C.A. and the C.P.A.L. to take these over or whether the government is to continue to operate them. Is it the intention of the government to build these facilities and turn them over later on to

private corporations, or will the government maintain them as a government concern? I think the whole matter should be settled now. Certainly the Canadian people will be wondering whether or not the Canadian government is building up something in order to turn it over later on to private corporations.

Mr. HOWE: It is government policy to own and operate all radio facilities and all weather services. There are two classes of fields, those built and owned and operated by the government and those built by municipalities with government assistance and operated by the municipalities. In order to discuss policy, it would be necessary to find out the particular field the hon. member has in mind.

Mr. CASTLEDEN: How many stations are on the Edmonton-Winnipeg route?

Mr. MacNICOL: We had that before.

Mr. CASTLEDEN: Then there is what is called the main route, $1,828,000; I presume that is the Trans-Canada route?

Mr. HOWE: The only two airports affected by this vote are Saskatoon, where we are expending $1,606,000 on the airport and $80,000 for lighting and power, and Winnipeg, where we are expending $460,000 for the airfield and building construction and $40,000 for lighting and power.

Mr. CASTLEDEN: What airfields are being established to serve mining in isolated districts?

Mr. HOWE: I do not seem to have that information in detail, but there is one airfield at Red Lake, there is one at Chibougamau and I believe there are three or four more in remote areas. There is one at Lac La Biche.

Mr. CASTLEDEN: Would the minister allow this item to stand until he is able to give us complete information with regard to these airfields in remote areas?

Mr. HOWE: All right.

Mr. ADAMSON: When two or three air lines use an airport operated by the Department of Transport what is the basis of the charges made? Take Regina, for instance, which is used by the C.P.A.L., the T.C.A. and an American airline; on what basis are charges made, on a cost basis, on a per ton basis or on an annual basis?

Mr. HOWE: I gave that information earlier this afternoon. An air line using a field is charged $150 a month for the first daily flight and $100 a month for each succeeding flight. Then there is the scale of prices for itinerant planes on a weight basis.

Item agreed to.

Demobilization and reconversion—air service—civil aviation division—

631. Radio aviation services, $1,625,000.

Mr. CASTLEDEN: How does this item differ from item 441 under the radio division? What does this item take in?

Mr. HOWE: This covers the operating of the radio facilities, whereas the other item was a capital item.

Mr. CASTLEDEN: I think we should have a breakdown of this item. I notice in the details we have temporary assistance, $805,975. On page 283 of the estimates there is an item of $805,975 for temporary assistance but no details are given of how many persons that covers or what their work is.

Mr. HOWE: Those are radio operators and diesel operators. They were taken on as temporaries for war purposes, as contrasted with the operators under the civil vote.

Mr. CASTLEDEN: How many are there of them?

Mr. HOWE: There are 425 personnel, of whom 370 are radio operators.

Item agreed to.

Demobilization and reconversion—civil aviation division—

633. Care, operation and maintenance of Royal Canadian Air Force airfields transferred to the Department of Transport, $275,000.

Mr. CASTLEDEN: What airfields have been taken over? Have they been declared surplus and are they awaiting disposal?

Mr. HOWE: They have been taken over by the Department of Transport from the R.C.A.F. No disposition has yet been made of them. Some may be returned to their pre-war use and others incorporated in the airways. At the moment they are simply in the custody of the department, under care and maintenance.

Mr. CASTLEDEN: Can the minister give the names of these stations?

Mr. HOWE: There are 180 of them. Does my hon. friend want them all?

Mr. CASTLEDEN: I was particularly interested in the ones in Saskatchewan.

Mr. HOWE: The ones in Saskatchewan are at Assiniboia, Boharm, Brada, Brora, Burdick, Buttress, Caron, Chandler, Davidson West, Hagen, Halbrite, Hamlin, Lethburn, Osler, Outram, Ralph, Rhein, St. Aldwyn, Vanscoy and Wymark. These have been declared surplus. They are mostly fields used to relieve the larger airfields.

Item agreed to.

Demobilization and reconversion—civil aviation division—

635. North East (Crimson) staging route—maintenance of airfields, $65,000.

Mr. ADAMSON: Is this the route from Goose Bay or the route to Churchill?

Mr. HOWE: There are three stations on the route, Le Pas, Churchill and Southampton island, and from there to Blooie East and Blooie West and Iceland.

Mr. ADAMSON: Has it been in operation?

Mr. HOWE: It is in operation as far as the Canadian bases are concerned, but the route is very little used.

Item agreed to.

Demobilization and reconversion—radio division—

638. Radio direction finding stations, radio beacons and radiotelegraph stations—Operation and maintenance, $226,565.

Mr. ADAMSON: Is this the item under which the radio beam for the air service comes?

Mr. HOWE: This covers beams for the marine service. It is the same appropriation that we discussed under the other item.

Item agreed to.

Demobilization and reconversion—civil aviation division—

628. Airways and airports—construction and improvements, including radio facilities, capital, $8,163,000.

Mr. HOWE: Surveys were undertaken in 1945 at Red Lake and Chibougamau, and construction work at both points to serve the mining districts will be under way this year. Provision has been made for certain other airports in other remote areas, one at Lac La Biche, which will be charged to this vote.

Mr. ADAMSON: How are you getting on with the one at Red Lake? Is it under construction and when will it be completed?

Mr. HOWE: It is under construction. I cannot say how we are getting on.

Mr. NICHOLSON: How about Saskatoon?

Mr. HOWE: We hope to get Saskatoon in operation late this year.

Item agreed to.

DEPARTMENT OF RECONSTRUCTION AND SUPPLY

344. Office of the coal controller—Payments in connection with the movements of coal under conditions prescribed by the governor in council, $4,500,000.

Mr. ARCHIBALD: I have had correspondence with Telkwa Collieries. Seemingly they cannot ship coal from there to Vancouver at the same rate as that at which it can be shipped from Edmonton to Vancouver. Is there any way in which they could be given the same subsidy on freight as the Alberta collieries.

Hon. C. D. HOWE (Minister of Reconstruction and Supply): I do not understand the first point my hon. friend made. There is a subsidy on Alberta coal moving to British Columbia.

Mr. ARCHIBALD: It is by way of a freight subsidy, is it not?

Mr. HOWE: Yes.

Mr. ARCHIBALD: The Telkwa Collieries, between Prince George and Prince Rupert in British Columbia, do not get in on that. They are "behind the eight-ball' in that respect.

Mr. HOWE: There is no subsidy on movements of coal within British Columbia.

Mr. BLACK (Cumberland): Under this item I wish to ask the minister what progress is being made in completing the royal commission report on the inquiry into the coal and fuel requirements of Canada, production, importation and consumption. I should also like a statement from the minister with respect to the present situation as regards Caandian requirements for 1946-47; and also as to the subsidies being paid for the production of coal in Canada at the present time, particularly eastern Canada. I should like the minister to make what statement he is prepared to make about the whole coal situation as it affects eastern Canada.

Mr. HOWE: Mr. Justice McLaurin, a member of the royal commission, assured me that the writing of the report is well under way and that it will be in the hands of the government within the next two months.

The coal situation as far as eastern Canada is concerned is far from good. Bituminous coal is coming in from the United States fairly well at the moment, but we have had serious interruptions. Between the coal strike in the United States and the shipping strike on the great lakes we lost some six or seven weeks of shipments; and while the shipments are coming in now at better than normal rates, the deficiency in bituminous coal has by no means been made up. However, we hope that by continuing shipments up to the close of navigation we shall have enough coal in eastern Canada to carry industry through the winter. The situation in connection with industrial coal is much better than the situation in connection with domestic coal. In

domestic coal we hope to have about sixty-five per cent of our total requirements by the end of November, and prospects are that after that we shall have to depend on hand-to-mouth shipments and on coke which we can take away from our steel operations. The situation is by no means clear. We have undertaken a movement of coal from Alberta, which is helping out to some extent, but there is a serious deficiency in imported coke. Some is available this year, whereas last year we imported about 1,300,000 tons from the United States. This year we are importing less than half that amount from the United States for the reason that we are unable to buy coke in greater quantities from that country. Supplies of anthracite compare fairly well with the supplies last year. It is the serious decline from 1,300,000 tons of coke which is causing us worry. Just how we shall overcome it I am not sure. However, we shall keep fighting as long as the requirement exists.

Mr. BLACK (Cumberland): Would the minister make a statement as regards the present rate of shipment of coal from Nova Scotia to central Canada? Those of us who were concerned with the securing of this market in central Canada for our surplus production, some fifteen or eighteen years ago, in Nova Scotia are very much concerned and disappointed regarding the volume of coal available for use in central Canada. At that time we aimed at a million, a million and a half or two million tons annually exported from Nova Scotia to central Canada. During the war years we realized that the local demands had increased greatly in the maritime provinces, and for bunker coal as well, and we could understand why there was a curtailment of shipments to central Canada. We secured this market after great effort and with the sympathetic consideration of the people in central Canada, and we hoped to hold this market, once gained, for future years. I for one was hopeful that the people of Nova Scotia would respond to the requirement in central Canada and make special efforts to supply it. I may say that in our efforts over the years the master mind in this part of Canada was Mr. Frank Neate, who had a thorough understanding of the markets, the quality of the coal, our capacity to produce the cost of transportating, and, I might say, the obligation upon the people in Nova Scotia to supply these markets. Some weeks ago the minister gave me a statement that he was fearful that the total supply from Nova Scotia for shipment to central Canada in the current year would not exceed 350,000 tons. That was a great disappointment to me, for I had hoped that Nova Scotia would be able to supply a much greater quantity. Is the minister prepared to make a more complete and up-to-date statement at the present time?

Mr. HOWE: We shall be very glad to move up the St. Lawrence every ton of coal which Nova Scotia will produce this year. Unfortunately, for the last several years the maritime provinces have not been able to take care of their own requirements. Last year we moved half a million tons up the St. Lawrence, but we had to ship more than that into the maritimes from United States sources. I do not think the prospect this year will be very much different; I expect it will be about the same as last year. On balance, the three maritime provinces have no coal surplus to their requirements. The fact is that imports would be necessary if they kept all their coal, but in the natural course of trade a certain amount is shipped up the St. Lawrence and replaced by United States coal.

Mr. BLACK (Cumberland): Is the minister prepared to make a statement as to the amount of subsidies paid the different producers of coal in Nova Scotia in the current year, and if those subsidies are still being earned and still being paid? I should like a detailed statement if the figures are available, but if the minister does not wish to give them publicity at this time I shall not press for the information.

Mr. HOWE: The production subsidies for coal in Nova Scotia last year were about eight million dollars.

Mr. BLACK (Cumberland): What would the amount be for the current year?

Mr. HOWE: About the same. There has been little change.

Mr. ARCHIBALD: I want to follow up what I said about that freight differential between the Telkwa collieries and those in Alberta. The minister says that payments are not made within a province; but there is a section of our province which is completely divorced from the lower end. Why can they not get the same treatment as the Alberta collieries?

Mr. HOWE: All I can say is that it has never been the policy to subsidize movements of coal within a single province. We subsidize interprovincial movements but not movements within a province.

Mr. ARCHIBALD: I should like to carry this a little farther. There is an open field for development in there, and it is being hamstrung because of this policy and because of the lack of bunkers at Prince Rupert. They

had to turn down orders. That country is greatly interested in becoming industrialized. In fact, it is the last great frontier for industrialization in Canada, and we would like to see the department take an interest in the matter and put in bunkers in Prince Rupert besides equalizing the freight rates.

Mr. HOWE: I am told there are no bunkers at Prince Rupert. Applications have been made, and I shall be glad to have them looked up and give the matter consideration. There should be bunkers there.

Mr. GILLIS: Has the minister any comparable figures of production in Nova Scotia for 1940 and 1945? He said he was paying $8 million in production subsidies. Did he get any increased production because of the subsidies?

Mr. HOWE: No.

Mr. GILLIS: Production is actually down?

Mr. HOWE: Yes.

Mr. GILLIS: Subsidies is not the answer?

Mr. HOWE: No.

Mr. MACDONNELL (Muskoka-Ontario): When the report is received will it be made public in the ordinary course? This question is of such vital importance that it should engage the maximum public attention as soon as possible.

Mr. HOWE: It has not been the policy to publicize subsidies to individual mines.

Mr. MACDONNELL (Muskoka-Ontario): I am speaking of the report to which the minister referred, the report of the coal commission.

Mr. HOWE: That will be widely publicized, I assure you.

Mr. MacINNIS: In the matter of subsidies to the Nova Scotia collieries and production in those collieries, has the department ever made any investigation to ascertain the cause of low production if there is low production?

Mr. HOWE: The difficulty in the past has been the unbalanced man-power situation. Apparently skilled mining is done by the older men and there is not the replacement at the mine face. The hon. member for Cape Breton South could give a better explanation than I can. The fact is, they have not been able to get the number of skilled coal miners to balance mine operations. Had they been able to add fifty per cent more skilled miners, face cutters, production would have gone up proportionately, I believe.

Item agreed to.

[Mr. Archibald.]

Demobilization and reconversion—

604. Departmental administration, $5,991,500.

Mr. BENTLEY: What progress is the department making with regard to assisting the provinces in the construction of necessary and useful projects? I believe the policy has been to assist the provinces and municipalities in worth-while undertakings. Will the minister give consideration to the building of a bridge across the South Saskatchewan river at Saskatchewan Landing as a necessary project both for the province and for the dominion? It is not merely a provincial affair, as he might be inclined to suggest. It is important from the point of view of tourist traffic and in the interests of people who are carrying on business in some other part of the country. There is a good deal of traffic back and forth; it is not altogether provincial, and there is a variety of reasons why there should be federal assistance in the building of the project.

Mr. HOWE: There is no over-all arrangement at the moment for subsidizing provinces in highway construction. A proposal was put before the provinces at the dominion-provincial conference; but, as my hon. friend is aware, no over-all agreement was obtained from the conference. There are one or two special arrangements between the provinces on highways of particular benefit to the present situation; but, generally speaking, there is more construction work in the country than can be undertaken, and as far as the Department of Reconstruction is concerned we do not think large highway programmes should be undertaken this year.

Item agreed to.

Demobilization and reconversion—

605. To provide for the liquidation of contracts, including commitments of previous years related to the acquisition of assets operated by the department or an agency of the department; miscellaneous and unforeseen expenses and for recoverable advances, $29,900,000.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister say a word about this item, particularly the $17 million for purchase of aircraft?

Mr. HOWE: My hon. friend refers to the item for purchase of aircraft, which is a revolving fund in the department covering the operation of aircraft plants. That particular item refers to Canadair. It is revolving fund to cover the operation of Canadair and the fund will be liquidated through the sale of airplanes to the customers. It is largely an item to cover the cost of twenty-

five Douglas planes which will be purchased by Trans-Canada Air Lines. When Trans-Canada Air Lines pay for the planes that account will be liquidated.

Item agreed to.

Demobilization and reconversion—
606. Reconstruction projects, subject to allocation by the treasury board, $10,000,000.

Mr. QUELCH: The Minister of Agriculture stated that there would be an allocation of $115,000 from this item to pay for the services of an engineer to check the engineering details in connection with the Red Deer diversion scheme. Has that been completed, and is there any possibility of tenders being let for construction work in the near future?

Mr. HOWE: That fund is available for reconstruction projects, but the projects themselves are handled by other departments of government. For instance, the Red Deer project is being handled by the Department of Agriculture. Whether the allocation has been made from this for the Red Deer project—I am told it has not—the Department of Agriculture is aware that the cost of the survey can be allocated from this fund upon application. I believe the Minister of Agriculture in his estimates stated that the work on the project this year would be confined to a survey and engineering studies but that no construction would take place in the current year.

Mr. QUELCH: Has not any money been used from this item for checking surveys? I understood that the surveys would be checked this year by an engineer and, if they proved satisfactory, tenders might be let next year to carry on construction work. I thought that work was to be done this year.

Mr. HOWE: I know that the surveys are under way. So far as I am aware, the Department of Agriculture has not asked for an allocation to pay for the cost of the surveys. I presume they are being financed at present from current funds in possession of the Department of Agriculture.

Mr. MacINNIS: The item says, "subject to allocation by the treasury board." Has that allocation been made yet? The minister also said that when the allocation was made it would be under another department, but I doubt whether the item will be repeated in another department, so that if we are to get information we shall have to get it from the minister.

Mr. HOWE: The item is used for financing other departments. For example the Department of Agriculture asked for an allocation of $115,000, I think, to carry out surveys and engineering studies of the Red Deer river project. That money will ultimately be paid by the Department of Agriculture and refunded to this account. We financed other really urgent projects from it, not large projects, but certain projects have been financed from this account for a period. Ultimately the departments which do the spending include the amounts in their own estimates, and from those estimates reimburse the reconstruction department.

Mr. MacINNIS: Does the minister know of any other projects which have been approved or started under this item?

Mr. HOWE: Electric power development on the Snare river—that is near Yellowknife—$200,000; Yellowknife road, $18,500; South Saskatchewan river project, $137,000; Red Deer river diversion project, $115,000.

Mr. QUELCH: That has not been paid out?

Mr. HOWE: No. These are the allocations to date.

Mr. ADAMSON: Is the Yellowknife development under construction?

Mr. HOWE: Yes.

Mr. ADAMSON: Has the minister any idea when they may expect power?

Mr. HOWE: No; that is actually for the Department of Mines and Resources to say.

Mr. MacINNIS: Outside of the items mentioned it is not likely that the remainder of this item will be used this year.

Mr. HOWE: No; it is an emergency item put in as part of the reconstruction programme, so that work could be provided in an area if acute unemployment developed, but fortunately acute unemployment has not developed and the fund is little used.

Mr. FRASER: For actual construction or planned?

Mr. HOWE: It can be used for construction. The fund is administered by the reconstruction committee of the cabinet; and if a department has a project not included in its normal estimates for which a good reason can be given for immediate commencement—and the best reason is that there is serious unemployment in the area—then the reconstruction committee of the cabinet may allocate funds from this vote temporarily to get the undertaking under way.

Mr. FRASER: I notice this item is up $5,000,000. Why is that?

Mr. HOWE: The original vote was for a short period, as I remember, the remainder of the fiscal year. This $10 million vote is intended to cover the full year. Really it was put at $10 million in the expectation that an agreement would be entered into with the provinces which would call for joint expenditure on certain types of public works. It is probably larger than is needed under the present circumstances but it was put in at $10 million. To date the expenditure has been small.

Mr. FRASER: Some time ago the minister's department sent men to different municipalities and asked them to plan reconstruction work. Is that right?

Mr. HOWE: Yes; but that had nothing to do with this vote. That was part of the plan for maintaining a high level of employment which we hoped to work out in conjunction with the provinces. The purpose of those visits was to see what urgent work was required and to make sure that the work was fully planned at this time so that it could be used as a balance-wheel to any sudden drop in employment. The proposal which the dominion government made to the provinces was that if the work was filed as a fully planned project it would be entitled to a twenty per cent grant at the time, if carried out at the time the government said the work was needed.

Mr. FRASER: The provinces would have to work with the municipalities?

Mr. HOWE: Yes.

Mr. FRASER: There are no crown companies included in this item?

Mr. HOWE: No.

Mr. ADAMSON: Would not this item cover items such as the Toronto street railway subway?

Mr. HOWE: It does not cover anything at the moment because no agreement between the dominion and the provinces was arrived at. There is no such arrangement in effect at the present time. There is no such thing as a timing grant at the moment and may not be unless there is an ultimate agreement with the provinces. Had the agreement been reached certain parts of the Toronto subway proposal would have been a suitable project for timing. It is a project which would have received a grant had it been built at the time that the Department of Reconstruction indicated the work was needed in the interests of unemployment.

Mr. ADAMSON: At the present time there is no grant available for the Toronto street railway subway?

[Mr. Fraser.]

Mr. HOWE: That is correct.

Mr. ADAMSON: Under any item in the department?

Mr. HOWE: That is correct.

Mr. ROSS (St. Paul's): If an agreement had been reached there would be no grant until such time as the dominion government said it was necessary to go ahead with the work in order to take care of unemployment?

Mr. HOWE: That is correct.

Mr. ROSS (St. Paul's): In any event, in to-day's circumstances there would probably be some considerable time before that money would be granted and it would be only as an emergency measure.

Mr. QUELCH: I should like the minister to say a word on the urgency of some of these projects, for instance, the Red Deer diversion scheme. Are we to understand that that scheme will not be constructed until such time as unemployment increases? There is real urgency for that scheme to be carried out as early as possible. In that area we have had four years of drought, and drought again this year. The sooner the government can construct that project, the sooner drought relief will be taken care of. Surely the government is not going to wait for unemployment to increase before the project is carried out.

Mr. HOWE: There is nothing to prevent the Minister of Agriculture from including a vote in his estimates to carry out that project whenever parliament decides to give him money for that purpose. That would have nothing to do with this vote. The vote under reconstruction is simply to take care of emergency situations.

Mr. QUELCH: The Prairie Farm Rehabilitation Act is limited to $3 million. The Red Deer diversion scheme will cost $6 million.

Mr. HOWE: There is nothing to prevent parliament from granting the Department of Agriculture such amounts as may be determined.

Mr. ARCHIBALD: Would this item cover surveys of natural resources which we may be short of at the moment? Would it apply to that?

Mr. HOWE: If an urgent situation came forward which would commend itself to the reconstruction committee it might be used for that purpose; but ordinarily surveys are taken care of by regular appropriations in the appropriate departments which conduct the surveys.

Mr. ARCHIBALD: In this connection, we seem to be fairly short of coal. I should like to bring the Ground Hog coal region to the attention of the minister. The board of trade want an appropriate survey made of it because there are millions of tons of coal there comparable to Pennsylvania coal. They should like to know what they have there, and they are anxious to see that country surveyed as soon as possible.

Item agreed to.

Demobilization and reconversion—
607. Housing development, including commitments of previous years, $42,000,000.

Mr. ROSS (St. Paul's): Housing is a big question. Perhaps the minister could give us some information on this vote.

Mr. HOWE: Of the approved estimates for the fiscal year 1945-46, approximately $17 million will be unexpended as at March 31, 1946, but will be required for the fiscal year 1946-47. In other words, $17,000,000 of the amount is a carryover from last year. In addition, there is the amount of approximately $25,000,000 required for the construction of 6,000 new houses. These houses will be constructed at various points across Canada to meet the emergency housing requirements for the accommodation of war veterans and their dependents.

Mr. ROSS (St. Paul's): Would they be constructed under Wartime Housing?

Mr. HOWE: Yes.

Mr. ROSS (St. Paul's): That does not come under the other company?

Mr. HOWE: No.

Mr. ROSS (St. Paul's): It comes under the Department of Finance, does it?

Mr. HOWE: The money for the insurance companies is raised by the insurance companies, and through a loan from the government under the Central Mortgage Corporation.

Mr. ROSS (St. Paul's): Is there any other government corporation which operates under this fund?

Mr. HOWE: No, it all refers to Wartime Housing.

Mr. LENNARD: Do I understand that the home conversion plan, which was being taken over by Central Mortgage Corporation, was taken over recently by the Department of Reconstruction?

Mr. HOWE: Yes.

Mr. LENNARD: Does it come under this item?

Mr. HOWE: No. The funds for that were voted to the Department of Finance, and when the branch was taken over the vote came with it.

Mr. LENNARD: I will say this, that it has been battered around from pillar to post, in three different departments. There have been so many rash promises made to home owners that the minister will have to have an extremely good man in his department to straighten the matter out. He has taken over something that will be pretty hot in the next few months.

Mr. HOWE: I view it with alarm, myself.

Item agreed to.

Demobilization and reconversion—
608. Emergency coal production board—production subsidies, loans and rentals as may be approved by the governor in council, $12,000,000.

Mr. ADAMSON: What does this item include? I am prompted to ask this question because I saw only recently that the Ontario government, owing to the emergency situation, was trying to reopen or re-develop the low-grade lignite areas in northern Ontario. Would this item assist in that operation? I realize it is thoroughly uncommercial. I am in agreement, however, that when winter comes, almost any low-grade type of coal, which is found to be combustible, might be put into a furnace. Would this include such materials as oil coke, a by-product of the refineries?

Mr. HOWE: I am happy to say that the lignite deposits in northern Ontario are entirely the property and responsibility of the provincial government. This subsidy does not cover coke.

Mr. ADAMSON: What is it for?

Mr. HOWE: I am told transportation subsidies are paid on coke, in certain circumstances—to maintain the price ceiling, if the coke has to be moved a considerable distance. For instance, on coke moved from the Algoma Steel Company plant to Toronto, there would be a subsidy to the extent of part of the freight rate.

Mr. ADAMSON: This is purely a transportation subsidy on fuel, is it?

Mr. HOWE: No; this is largely a production subsidy. Since costs of production of coal in practically all the mines in Canada increased during the war, an attempt was made to maintain the price of coal to the consumer. The extra pressure was taken up by production subsidies to the operators.

Mr. ADAMSON: This has nothing to do with the present coal emergency? It is similar to an item which was carried through during the war?

Mr. HOWE: It was built up during the war.

Mr. HARKNESS: I should like to ask whether the amount of subsidies paid is the same to producers of coal in Nova Scotia as it is to producers in British Columbia and Alberta, or do they vary from field to field?

Mr. HOWE: It varies all across the board. An attempt has been made to equalize, on an area basis. For example, in Alberta there is a pattern for subsidy, and in Nova Scotia there is a pattern, but the Alberta pattern is by no means the same as that in Nova Scotia.

Mr. HARKNESS: Will the minister give us the subsidy per ton in one field in Nova Scotia and the subsidy per ton in one field in Alberta?

Mr. HOWE: The independent mines in Nova Scotia have a subsidy of sixty-five cents a ton and it goes up to $2 in some cases; in New Brunswick the subsidy is $1 a ton; on Vancouver island it is sixty-five cents, and in Alberta it varies from thirty to sixty-five cents.

Mr. MacINNIS: What is the total cost of the production of a ton of coal in the coal fields the minister mentioned?

Mr. HOWE: I shall be glad to give that information at eight o'clock.

Mr. HARKNESS: How much of that $12,000,000 will be paid to each of the four provinces, respectively, for which the minister gave the rates?

Mr. HOWE: About $8,000,000 to Nova Scotia, about $400,000 to New Brunswick and the remainder about equally divided between Alberta and British Columbia.

Mr. HARKNESS: It seems to me that in comparison with the amount of coal produced, these figures do not work out—unless all the Alberta coal receives the 30-cent rate. In other words, the figures do not jibe.

Mr. HOWE: Steam coal in Alberta is not subsidized.

Mr. HARKNESS: There is no subsidy on it at all?

Mr. HOWE: No, there is no subsidy on steam coal. The subsidy is on domestic coal in Alberta.

Mr. HARKNESS: It is on all types of coal in other provinces, is it?

Mr. HOWE: Yes.

Mr. HARKNESS: Why is that?

Mr. HOWE: The mines in Alberta are in a profit position. The ceiling price allows them a profit. That is not so in Nova Scotia.

[Mr. Adamson.]

Mr. HARKNESS: Then the purpose of this subsidy, essentially, is to keep in operation what would otherwise be nonproductive mines, is it?

Mr. HOWE: Yes, that is corrcet.

Item agreed to.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Demobilization and reconversion—

609. Administration, reconversion and operation of crown companies and/or crown plants, $20,000,000.

Mr. ROSS (St. Paul's): Would the minister give us a few words of explanation about this item?

Mr. HOWE: This vote covers a number of more or less clean-up items. The first has to do with Canadian Arsenals. A nucleus of war production capacity was established, the purpose being to make it possible to produce any article that was produced during the war in the permanent arsenals set-up. Specialized equipment was taken over from a number of plants and moved into the establishments which are included in the arsenals set-up. The cost of operating Dominion Arsenals for the full year is included in this item and it amounts to $3,600,000. It is probable that that is an outside figure because the practice of Canadian Arsenals is to charge for work carried on. A nucleus personnel must be kept on and there must be funds with which to pay that nucleus, but if a fair amount of work is provided by the services for the arsenals it is probable that they will be self-sustaining. The $3,600,000 is estimated to be the cost of operating the arsenals on a minimum basis.

The Dominion Arsenal at Quebec is put in as a separate item. This is the cartridge case and small arms division, and the amount provided is $1,828,940, for expenses of operating Quebec arsenal. I might say that that is much less than the pre-war vote for the same arsenal. Then the operating expenses for Chalk River are included, this amount being $4,500,000 which it is estimated will be needed to operate this plant for a full year.

Then, in connection with the winding up of crown operations I might say that when the actual work stops expenses go on for a time. This item is included to cover the cost of liquidating these crown companies. It includes operating companies such as Canadian Arsenals, Eldorado Mining and Refining Com-

pany, Park Steamship Company, Polymer Corporation, War Assets Corporation and Wartime Housing Limited. In some cases the winding up of companies involves a loss arising out of operating expenses during the winding-up period, and in this connection there is a long list of some thirty companies, which I shall be glad to read if my hon. friend wishes this information. The amount here is $10,071,060 for winding-up costs of these crown companies, making a total of $20,000,000.

Mr. ROSS (St. Paul's): I suppose the arsenals which are to be operated now will be more or less pilot plants so that we shall be able to make anything we want and carry on experiments?

Mr. HOWE: The arsenals are publicly owned plants designed for the purpose of making small quantities of everything that the forces may require. The understanding is that larger quantities would be made by private industry based on shop practices established in Canadian Arsenals. The net result will be that Canada will be much better equipped to move into the large-scale production of war material than she was when the present war broke out.

Mr. ROSS (St. Paul's): This is similar to what we suggested in this house many years ago, that we should have arsenals capable of keeping a number of men employed so that we would be able to move into large-scale production and have trained workmen who would be available as foremen to carry on the work.

Mr. HOWE: That is exactly the purpose.

Item agreed to.

Demobilization and reconstruction—

941. Termination of contracts — further amount required, $25,000,000.

Mr. MACDONNELL (Muskoka-Ontario): It seems to me that $25,000,000 is an astonishing large amount to be coming along as a supplement. Why is it that this vote could not have been calculated more accurately?

Mr. HOWE: It is entirely a revote. It was anticipated that a larger number of contracts would have been settled before the end of the last fiscal year. It is necessary to revote $25,000,000 in order to permit contracts to be settled this year which were provided for in the estimates of 1945-46, but which could not be settled until after that vote had lapsed.

Mr. MACDONNELL (Muskoka-Ontario): Why is it in the supplementary rather than the main estimates?

Mr. HOWE: Item 610 in the main estimates is for $50,000,000, but that item was made up before the end of the last fiscal year. It was expected that the outlay during the last fiscal year would have been greater than it was, and therefore, in addition to the $50,000,000 voted in the main estimates, it is necessary to make provision for $25,000,000 in connection with contracts which it was expected would have been settled in the last fiscal year and for which provision was made in the last fiscal year, but for which settlement could not be concluded.

Mr. FRASER: Would War Assets come under this item?

Mr. HOWE: No. There is no vote here for War Assets, but I promised that War Assets could be discussed under an item in these estimates. If my hon. friend cares to discuss War Assets under this item I shall be glad to have him do so.

Mr. FRASER: I asked a question which was answered, but I have not the answer with me. The navy department gave a list of articles, such as Fairmiles, corvettes, et cetera, which had been turned over to War Assets and I should like to know what War Assets received. I am not referring to the inventory which the navy department handed over, because I know War Assets did not receive all that inventory. At Three Rivers two corvettes were turned over to War Assets, and we know for a fact that many things were taken off those boats. The same thing occurred at Hamilton. A number of people went through he boats, and dental and medical equipment and many other things were taken. I should like to know what was on the ships when War Assets took over.

Mr. HOWE: If there was any pilferage, I suppose that material would not be included in deliveries to War Assets Corporation. We guard these boats as best we can, and if there has been theft it could not be avoided. The cost of guarding them was high, and that was one of the reasons why we wanted to make a quick sale while there was something left on them.

Mr. FRASER: You have now over 1,000 guards with War Assets?

Mr. HOWE: Yes.

Mr. FRASER: How many employees altogether has War Assets at the present time?

Mr. HOWE: About 7,000.

Mr. FRASER: Are you taking on more employees at the present time?

Mr. HOWE: No, we have passed our peak. As soon as we empty a warehouse we can relieve ourselves of the cost of guarding it. The peak of the operations of War Assets was passed at the end of July. Up to then we had been receiving material faster than we had been selling it, but the peak has passed and we are now selling a little faster than we are receiving. That trend will accelerate during the rest of the year. So that the staff has passed its peak. My hon. friend mentioned 1,000 guards. Taking in the whole custodian branch of War Assets the number of personnel would be nearer 2,500.

Mr. FRASER: How many departments are there in War Assets?

Mr. HOWE: A complete report of the activities of War Assets was tabled a week or two ago. That would give the information. I dare say the figure of 1,000 guards who are acting only as guards may be about correct, but the entire staff having custody of the articles and materials that have been turned over to War Assets is nearer 2,500.

Mr. FRASER: What building material has War Assets at the present time?

Mr. HOWE: It has no building material other than the material that comes from the demolition of buildings. It is demolishing buildings and salvaging the building material as rapidly as that operation can be carried out. Other than that it keeps no stock of building material.

Mr. FRASER: What about pipe?

Mr. HOWE: No pipe, except as we take it out of the ground on some dismantled project.

Mr. FRASER: You had some new black iron standard pipe some months ago, I understand.

Mr. HOWE: The inventory is turning over all the time; we may have it to-day and sell it to-morrow. Most of the pipe we get goes to Wartime Housing to relieve the shortage there, or to some other government project such as veterans housing. It is turned over promptly.

Mr. FRASER: What vehicles has War Assets at the present time at New Sarum outside of St. Thomas?

Mr. HOWE: We process vehicles as fast as they are turned over to us, allowing time for advertising and the preliminaries that have to be gone through in disposing of government property. I venture to say that War Assets never had in its custody any vehicle for more than two months.

[Mr. Fraser.]

Mr. FRASER: You did at that place. Perhaps they were not under War Assets but under navy or army or air. But they were stored there for much longer than two months.

Mr. HOWE: We can deal with them only after they are turned over to us and after documentation is completed. I still think I am right, and I am so assured by officers. We have never had a vehicle in the custody of War Assets for more than two months.

Mr. COYLE: That place is in my riding. I venture to say that there are 8,000 trucks sitting in the yard there to-day, and some of them have been there for over a year.

Mr. HOWE: Who owns them?

Mr. FRASER: The government owns them. You cannot pass the buck.

Mr. HOWE: My responsibility begins on the day that official documentation is completed and the property turned over to War Assets. Before that, I do not know that they exist.

Mr. MACDONNELL (Muskoka-Ontario): Someone is at fault. Would the Minister of National Defence be the proper minister to ask about the matter? Surely we should not be put off with that as the final answer.

Mr. HOWE: The services can give you the date on which the trucks were turned over to War Assets, or I could if I had more time. The committee on war expenditures has been given that information. That committee was the place to get details of that kind.

Mr. FRASER: According to the answer I got, there should be just a few hundred trucks with War Assets at the present time, but I understand there are still thousands of trucks in that place. The information just does not jibe.

Mr. HOWE: The only trucks that War Assets has at this moment, so far as I know, are some trucks that were crated for shipment abroad. Some of them were being sold in Canada and some outside. Beyond that, we have no trucks in War Assets.

Mr. MACDONNELL (Muskoka-Ontario): The matter should not be left in that position. We have had the statement made on the responsibility of a member that thousands of trucks still stand there. The minister says that they have not been in the custody of War Assets. Surely, then, we have the right to ask the government as a whole for an explanation of this situation, which seems a preposterous one. We are entitled to know just what the position is with respect to these trucks. Surely this item can stand until we

have been given the information, which could be got to-day or to-morrow, or, if not then, the next day, and I presume we shall be here for a couple of days.

Mr. HOWE: This item has nothing to do with War Assets, but I said that War Assets could be discussed on this item.

Mr. MACDONNELL (Muskoka-Ontario): Then let the minister, who is more familiar with these matters, suggest another item on which it would be proper to raise this matter. But he did suggest that War Assets could be discussed on this item, and this question surely affects War Assets, or, if not, the Department of National Defence. Surely we do not want to have this thing just pushed out of sight on a technicality. We should have a statement from someone in the government who knows just what the situation is.

Mr. HOWE: My hon. friend has been a member of the committee on war expenditures, which has been sitting three times a week for almost the entire session. Surely he could ask there.

Mr. MACDONNELL (Muskoka-Ontario): I have not been on that committee for many months, and unfortunately we have not a member of that committee sitting in this quarter of the house at the moment. Again I ask the minister for an answer to this question, which I think should be answered.

Mr. HOWE: There may be various explanations. I do not have the details in mind. I know that Hagersville is a permanent park for military vehicles. Is this town anywhere near Hagersville?

Mr. MacNICOL: New Sarum is half way between St. Thomas and Aylmer. It is a very old settlement.

Mr. COYLE: It is only five miles outside the city of St. Thomas. The information I got was that at one time there were 12,000 trucks there. There are not so many there now, but I would say that there are 8,000 there. Some have been there for a long time sitting right out in the open, ready to run. There was an auction sale or two there, but only a few trucks were sold and they all went to Jews in Toronto.

Mr. PROBE: I am one of those fortunate or unfortunate members of the house who have spent some considerable time in the war expenditures committee attempting to get information like that which is troubling the committee at the present moment. It might be due to the fact that those of us who were on the committee were not skilled in the art of proper cross-examination so that we could pin the witnesses down to a specific point and realize when we had been somewhat side-tracked and had not reached that point. But from time to time we have attempted to get some information and have not always been outstandingly successful.

In the matter of these vehicles which seem to be available, as far as the public is concerned, in such large numbers, I think the minister could very well give the committee a statement on the matter of declarations by departments of government to War Assets Corporation wherein materials which are declared surplus are left in the custody of the service concerned because War Assets Corporation said they did not have the man-power available to take over the materials. In circumstances like that there is, I think, the danger of manipulation.

I will try to illustrate what I mean. Various service groups, notably of the army and air force, attempted to turn over the contents of various buildings in various parts of this country to War Assets Corporation. The number of such declarations ran into several thousands at the time the committee inquired about them this spring. I have not here the minutes of the proceedings, but the exact number is on record of cases where War Assets Corporation stated that they were unable physically to inspect, check and take over the equipment which was declared surplus by the branch of the service. The result of that was something like this. People who are interested in what is contained in these buildings, if they have some means of finding out the contents, can go to War Assets Corporation, and if they are fortunate, secure a release from War Assets of that portion of the material in which they are interested. That actually happened in many cases, because the service organizations admitted to us in the war expenditures committee that some of the declarations they had made to War Assets Corporation had been taken over in part and that they were still custodians of various buildings with part of the equipment which they had originally intended to turn over to War Assets.

That situation perhaps will—and you cannot persuade the man on the street otherwise—if it has not done so, lend itself to some form of favouritism or manipulation, because, if one consumer or dealer can go to War Assets Corporation and get some of the commodities which are contained in the building where these items are stored, and can secure the release of part of them, you still leave the rest of them nominally within the control of the army or the air force, and the War Assets people can at any time say to a prospective buyer, if they

are not interested in selling to him, "We have not physically received the goods which you say are in such-and-such a building." I think the minister owes the committee a specific statement concerning declarations covering part of the assets in buildings where the services have attempted to turn over the contents to War Assets Corporation. Would he give us some indication of how his department is now handling that situation?

Mr. HOWE: My hon. friend has referred to a situation which existed seven or eight months ago.

Mr. PROBE: As recently as three months ago.

Mr. HOWE: Not as recently as that. In the very early stages War Assets was attempting to build up a staff which would permit it to take custody of equipment and apparatus as fast as it was turned over by the services. It took time to do that. I have told the committee to-day that at the present time War Assets Corporation has something over 2,500 people engaged in that particular work of maintaining custody of goods turned over by the services. It took weeks to build that staff, but to-day it has a staff, and to-day anything which is declared surplus by the services is in the custody of War Assets Corporation.

I find that this question about trucks was answered very fully at the meeting of the committee on war expenditures held on August 15. The last question is the one which seems to be agitating the committee:

Q. In what province or provinces are the remainder of these surplus vehicles located?

A. As of July 31, 1946, the corporation had the following passenger vehicles on hand located in the provinces indicated below:

Ontario	63	Saskatchewan .	3
Nova Scotia ..	49	Alberta	3
Manitoba	7	British Columbia	22
Quebec	15		

Mr. MACDONNELL (Muskoka-Ontario): Does it give trucks?

Mr. FRASER: These are passenger vehicles.

Mr. HOWE: I think I have the trucks here too.

Mr. FRASER: These are only passenger vehicles turned over by the service departments which have surplus vehicles.

Mr. HOWE: New Sarum is an airport taken over by the army for processing vehicles. About two months ago there were some four thousand vehicles, of which 3,000 to 3,500 have been declared surplus to War Assets but have not been processed for sale. I believe the matter is being actively followed up at present and probably some have already been disposed of. In other words, the army is processing these vehicles, for transfer to War Assets Corporation. In other words, they are in the course of being transferred from the army to War Assets at this time.

Mr. FRASER: The way the trucks have been serviced is a disgrace. In many cases the trucks look absolutely good: the agent is notified that a truck is at such-and-such a place for him; he sends his tow truck for it; he tows it to his place; it looks absolutely all right; they start to fill it up with water and service it, and they find that the block is absolutely split, owing to the fact that it had not been drained when it was laid away.

Mr. HOWE: My hon. friend is giving an excellent reply to the many critics who said that the government sold those trucks too cheaply. We sell them "as is, where is", and we discount the state of repair of the vehicles.

Mr. FRASER: I know, but they should never have got in that state. It is just carelessness on somebody's part.

Mr. GRAYDON: When the senior member for Halifax brought in his report and presented it to the house I raised the question as to whether or not there was to be concurrence in the report. He was not very sure at the time whether there would be a motion for concurrence, and I did not press him at that moment; but the minister then said that on a certain item—he did not mention any definite item—

Mr. HOWE: This is the item.

Mr. GRAYDON: —of his estimates we might discuss War Assets. But the reason I rise now is that I thought the minister said a moment ago that this was not the item on which we could discuss War Assets.

Mr. HOWE: I said it was an item under which War Assets could be discussed, though I added that the item itself had nothing to do with War Assets. I told my hon. friend that it would be permissible to discuss War Assets under some item in the estimates and this seems to be as appropriate as any, but when it was suggested that this item be held up for some information regarding War Assets it seemed a little unreasonable.

Mr. GRAYDON: If this seems to be a proper time to mention War Assets, I notice in the report of war expenditures and economies committee certain recommendations by the committee to which I would refer the minister. May I ask what steps have been taken, either by himself or by War Assets Corporation, to implement the recommendations which were brought down by the com-

mittee in question? My own view, after reading the evidence, is that the committee was lenient in its recommendations so far as the government and War Assets Corporation were concerned, having in mind the nature of the evidence brought out. However, there are some pretty important recommendations; and we ought to have from the minister now, if the report is not to be concurred in, a statement as to how far he is prepared to go with respect to those recommendations, and also what has been done up to date in implementing them.

Mr. HOWE: Many of them had been acted on before the committee had concluded its sittings. The policy of indefinite loan to educational institutions is a matter regarding which the regional offices now have additional authority. How far we shall go is a matter of judgment, but something will be done there. As regards granting to educational institutions a discount equal to that received by any dealer for similar lines, that is under consideration. It is difficult to depart from the one-price policy, but study is being given that.

Mr. GRAYDON: What about No. 2?

Mr. HOWE: That will be permitted under the decentralized policy. Indefinite loan items were formerly handled by head office, and now they are decentralized and are handled by the branch office so that the difficulty of inspection will no longer arise. Regarding "sales at the site," we have been decentralizing to an increasing extent for months and I am told that the decentralizing is now complete. As regards selecting short-supply civilian items for immediate sale, that is being done. In dealing with the disposal of real property as quickly as possible, that has been the policy. As regards making all building material immediately available for construction purposes, that is very active. As regards the non-employment by War Assets Corporation of persons otherwise interested in outside business, it has not been the policy to engage persons under such circumstances. I know of no employee of War Assets Corporation engaged in outside business. As regards greater publicity, I wish we could find machinery. I think War Assets have suffered greatly from lack of publicity, but we are doing our best to get information before the public.

Mr. GRAYDON: I am not so sure that it has suffered as greatly from lack of publicity as from the publicity it has received.

Mr. HOWE: We have had wonderful publicity recently, particularly in *Maclean's* magazine and in Toronto *Saturday Night*. That has been the greatest tribute paid to War Assets Corporation. I may point out that War Assets Corporation has sold to the end of July $226,523,150 worth of material. It is selling at the rate of considerably more than $20 million a month, and a great journal has devoted pages of its valuable circulation to an item on batteries costing less than $400, and exposing the claim that a battery which cost this country $14 could be salvaged and resold to replace a battery which cost the government $7. That is the story on batteries. As regards salvaging equipment, we have a reclamation depot that has sold close to $10 million of salvaged equipment which had been damaged beyond the point where it could be repaired for use in the services. It has carried out repairs to make possible these sales at a cost of about $2 million. In other words, it has netted some $7 million for this country, whereas the criticism to which I have referred was that an item of $40 worth of material was sold as scrap which it was claimed could also have been salvaged and sold as valuable material, and after we sold the material for scrap the dealer who bought it put it on the public dump because he could not get anything whatever for it. That is the nature of the criticism.

I see the problems of War Assets Corporation every day and they are problems running to three hundred, four hundred and five hundred thousand, perhaps a million or two millions. These are the problems of War Assets Corporation, and while we have had this committee working throughout the entire session it has not found a basis for criticism of any sale that runs larger than the ones I have mentioned. It seems to me that if the criticism of War Assets Corporation can be kept on that scale, then War Assets Corporation is a much better institution than I ever thought it was.

Mr. PROBE: While I should like to applaud the minister's statement at this particular point, seeing that he has made it with considerable vigour and in his usual superoptimistic tone, I may tell him that it is not an easy matter for the members of the committee to get information relevant to the operations of War Assets Corporation. That may or mav not be deliberate.

Mr. HOWE: Did the hon. member ever ask for any information that was not given him?

Mr. PROBE: I can answer at once by saying that an answer is always forthcoming.

Mr. McILRAITH: You always got it.

Mr. PROBE: It is not until you have examined the nature of the answer given as it appears on the record some days later that a layman like myself, ignorant of the intricacies involved in the answering of such questions, and grasping the implications of those answers, can discover that he has not received an answer at all; and if one presses for a proper answer, then one is told that the question is one which it would cost $4,000 to answer. I may tell the minister that.

Mr. HOWE. Did my hon. friend get $4,000 worth of satisfaction out of the answer which it cost $4,000 to prepare!

Mr. FRASER: It might have resulted in saving $4 million.

Mr. PROBE: If I had an axe to grind in any particular, possibly I could get satisfaction by asking a $4,000 question. We are concerned in seeing that the stated policy of War Assets Corporation is implemented in some reasonable degree. I do not agree with the policy of War Assets Corporation whereby sales must invariably be made through recognized business channels, particularly since there are certain legitimate business channels that did not exist before the date set by War Assets Corporation, June 30, 1941; and even so, the minister's department has made large sales to certain corporations that have come into being since that date.

The department insists that it is selling vehicles and commodities at the best possible returns consistent with the pursuit of sound business practices. I should like to remind the committee of one thing which is fairly generally known throughout the country, namely, that in the case of the eighty-four four-wheel drive vehicles which the government bought from the four-wheel drive people of Kitchener, Ontario, at $11,350 each, when there was an offer for these vehicles of $5,000 each, War Assets Corporation, instead of accepting that offer, sold them back to the original manufacturers at $4,801 each. I maintain that that is not sound business practice and that the minister and his department do not invariably follow sound business practices.

An hon. MEMBER: Chicken feed.

Mr. PROBE: I do not care what you call it. That was one example that I was able to unearth—I hate to use that word because it was not my intention to unearth anything. In the committee we tried to suggest to the War Assets Corporation officials that they make the materials which they have for sale available more widely throughout the country. I am pleased to hear that the policy of decentralization, which I think was necessary, is now in operation. I hope that what the minister says is correct, and that the policy of selling by the decentralized organization in the outlying provinces takes effect without consulting Montreal every time that a deal has to be made. That is a criticism which I think is perfectly valid; I trust that the minister's department has corrected that situation, because it may be a case of locking the stable door after the horses are gone, and in some provinces there may not be very much in the decentralized location now available in the district for the people to buy. I believe that the principle of having more extensive auction sales would have been a sound one. The minister will reply that they have had five or six. I agree with that, but we should have had five or six thousand auction sales of the entire contents of those buildings "as is, where is." That method would have done a better job of getting the things out to the consumers much quicker and would have brought in more revenue to the government of Canada. That is all I have to say.

I should like the minister to answer one question if he will. A few moments ago I spoke about partial declarations. The minister said that they have now taken over all buildings on which declarations have been proffered by declaring agencies. If I understood him correctly, my other question would not be necessary. There are no buildings now in the hands of the services where they have already proffered the contents to War Assets Corporation. Am I correct in that?

Mr. HOWE: That is correct, yes.

Mr. SMITH (Calgary West): I did not know that this was the place to discuss War Assets. If it is I should like to ask a few questions. The minister suggested that the committee had met for some considerable time and that there was not a word of criticism. In order that he may not go home dissatisfied because he has had no criticism, I intend to mention a couple of items with which I was interested when I attended the committee. I was not able to be there all the time owing to the fact that I was engaged elsewhere.

In view of the encomiums—that is a big word—that he was throwing at War Assets Corporation, I should like to tell the committee one thing. In the city in which I live a bonfire burned for weeks and weeks and weeks at No. 10 repair depot, I think it is. In any event, it is the Currie barracks. War Assets admitted that they did the burning, using the agency of the R.C.A.F. No one in any government department could give us a

list of the items or any idea of the value of the goods burned. That is a strong statement. I see the parliamentary assistant to the minister sitting over there, and he will agree that what I say in that regard is absolutely true. We did get a list from Penhold. After much digging, the hon. member for Red Deer did get an approximate list; but it was conducted on this basis, that things were destroyed and no lists whatever were kept of the destruction. I hear the parliamentary assistant to the minister speaking. If he has something to say let him say it now.

Mr. McILRAITH: I shall say it where I choose.

Mr. SMITH (Calgary West): I shall be happy to oblige the hon. member, but I would suggest that he do it before I go home.

Mr. McILRAITH: On a point of order, Mr. Chairman, surely I have the right to speak privately to the minister on a matter such as this, or on any other matters which have to do with the estimates, without objection from the hon. member opposite. I have been very courteous to him in giving him answers and any information that I could at any time that he thought would be of assistance to him. But I still have some rights as a private member of the house.

Mr. SMITH (Calgary West): May I say that I have always found the hon. member courteous. I have tried to be that way with him and I trust that relation will continue as long as we know one another. Is that satisfactory?

Mr. McILRAITH: Very satisfactory.

Mr. SMITH (Calgary West): I should now like to mention two other matters. The first one has to do with a place in Nova Scotia, the name of which I cannot remember. At that place small ships were being built at a cost of $68,000. Even while the committee was sitting, five were delivered and sold for $20,000, and five more were still being built at $68,000 and were being turned over to War Assets and sold for $20,000. That information was given in answer to a question asked by the hon. member for Cumberland and appears as part of the record. This is the question I want to ask the minister, because it is his job. I am asking both the minister and the parliamentary assistant to correct me if I am inaccurate in any way in the summary which I shall give with respect to the sale of real estate, namely, lands and buildings.

The evidence given before the committee by the president of War Assets Corporation may be summarized in this way. We shall say that they have a building in a town anywhere in Ontario. They receive bids for that building. A person is buying it with the idea that he is going to convert into some useful purpose, some industry or something of that kind. In the first place, the minister and not War Assets must say whether or not that building being bought by A for the purpose of establishing a boot factory should be established there. If they do not think it should, then the man who wants to make boots does not get it, but the man who wants to make something else in that building gets it if the minister says so. The evidence is clear that, as to the price and the identity of the purchaser, it rests with the minister to say. In other words, under the present procedure of War Assets the minister—and I think we used these figures in the examination—has the say. Let us say that A bids half a million dollars for a property and B bids $400,000. The minister can sell that property to B for $400,000 and the country loses $100,000. The answer given by someone who spoke—I see my hon. friend over there; I am not going to name him, but he was not on my side anyway—was that there are many businesses started which go broke and therefore someone of more judgment must decide whether or not, after the man had paid his own money, not yours or mine, that industry could continue there because some people may be employed and when the industry went broke they would be out of a job. I am asking the parliamentary assistant to the minister if I have given a fairly accurate—I think a completely accurate—statement with respect to real estate? I am anxious to be corrected on this. My memory is that the same thing applied to ships. But these were questions of my own which I asked during the too short time I was able to sit on that committee. I should like someone to tell me if what I have said is correct.

Mr. HOWE: I will explain that. We had in the Department of Reconstruction and Supply a director general of industrial reconversion. The purpose of the director of reconversion was to get war plants converted into peacetime plants, and to maintain employment in bridging the transition.

The question came up as to the purpose to which a government plant would be put. We call for tenders on a building, and we may get a range in prices between $500,000 and $6,000. The director general of industrial reconversion then insisted that he should inspect those tenders to determine which buyer offered the most employment. If one was to be used as a dead building, and by that I

mean a dead storage building, and another was to be used as a manufacturing plant, that certainly gave a preference to the man who wished to buy it for manufacturing. In other words, he was buying it for a purpose which promised reasonably substantial and steady employment.

In that case a decision was made. Sometimes it was referred to me, but more often it was not. I do not suppose I have seen five per cent of the real estate transactions, but occasionally one would come to me for final decision.

But let me point out the discrepancy in my hon. friend's report. Let us suppose the man who wanted it for dead storage had bid $600,000, and the man who wanted it for a manufacturing plant had bid only $500,000. The man who wanted it for manufacturing was offered it at the higher tender, and unless he was prepared to pay the high tender he did not get the plant. Usually he was prepared so to pay; usually the difference was not as much as $100,000. But that was the determining factor in deciding whether a plant would go to a firm which was offering considerable employment, or the firm which was offering little employment, provided that the discrepancy in price was not too great.

Mr. SMITH (Calgary West): I am sorry that the evidence before the committee is almost directly contrary to what the minister has said.

Mr. HOWE: Can you produce that evidence?

Mr. SMITH (Calgary West): The minister's parliamentary assistant will agree with what I am going to say, and without minute examination. In the first place, dead storage was never mentioned before the committee. But I have referred to these two cases of a nail factory and a boot factory. I know very little about those things, but the minister has just said that the property would not be sold unless the lower tenderer came up to the higher tenderer. The answer given to me by the president of War Assets Corporation was this, that they could do nothing but coax him to come up, and it was the responsibility of the minister to sell that property at a lower figure, if the minister so desired. I am really asking if I am not being accurate about this.

Mr. HOWE: In no case where there was a material discrepancy—there is no case on record where it was sold to a materially lower bidder. I do not remember one, but there may be one.

[Mr. Howe.]

Mr. SMITH (Calgary West): The thing I have in mind is this, that it is completely wrong. According to what I know, it seems to me completely wrong.

Mr. HOWE: How is it wrong?

Mr. SMITH (Calgary West): That one man, a minister of the government, may be able to say—and I believe I am fair in assuming that one is—one is a manufacturer of shoes and another man of something else; but supposing they want both to make nails. So we have it laid down the alley where there was no escape, where there is the power to sell to one man for $400,000 rather than to another man for $500,000.

Mr. HOWE: The minister has power enough to make any decision he likes with regard to the sale of any war asset, and have his decision carried out.

Mr. SMITH (Calgary West): If the minister had said he had more than enough in a matter of this kind—if he had said he had cock-eyed power I would agree with him.

Mr. ARCHIBALD: The minister has said that there are various places where this stuff is stored. Do the guards receive cost of living bonus?

Mr. HOWE: They are just temporary employees of War Assets Corporation; they are not civil servants.

Mr. FRASER: Did War Assets Corporation people or the air force have charge of the destruction of equipment at the Mount Hope airport?

Mr. HOWE: I never heard of any destruction at Mount Hope.

Mr. FRASER: The equipment was on the runway there, and it was destroyed by a vehicle running over it.

Mr. HOWE: Was the matter discussed in committee?

Mr. FRASER: No, it was not.

Mr. HOWE: Am I to take your say-so? I have never heard of it. Was it presented to the committee?

Mr. FRASER: No, it was not presented to the committee.

Mr. HOWE: Why bring it up here, then?

Mr. FRASER: Why not? This is the place to bring it up.

Mr. GIBSON (Hamilton West): I can say that that was spoken of about a year ago. Upon investigation, it was found that what had been broken up was some home-made

furniture made by the airmen out of some bits and pieces lying around the camp. When the camp was closed this furniture was turned in as scrap lumber.

Mr. FRASER: There was some four-inch and some six-inch stuff, and it was mixed up with the rest. I am speaking about some radio equipment which was run over by a bull-dozer.

Mr. GRAYDON: I should like to point out to the minister that under the rules of procedure he has no right to object to a question with respect to War Assets Corporation, whether it was raised in committee or not. After all, we control our own procedure in this committee, and I am sure that on reflection the minister will accept the view that the hon. member for Peterborough West is entitled to ask his question.

The minister has spoken about the raising of bids of successful tenderers or successful bidders on pieces of real estate owned by War Assets Corporation. I know of one instance where that was done. I want to ask the minister if it is a fair statement to say that in the early days of War Assets Corporation that policy was not followed, and that the policy now followed with respect to sales of war assets was a complete change? That is my information and I should like to have some comment from the minister. While in recent times some of the criticism which applied in earlier days may have been removed—it is to be hoped that is so—is it not true that in the earlier days some of these allegations had foundation? I would ask the minister to make comment on this and say whether or not this process of jacking up the successful bidder who might get a plant is not a comparatively new policy? Has that policy been followed in the case of each parcel of real estate that has been sold?

Mr. HOWE: I know of no case where property has been sold when War Assets had a better offer, and that applies from the beginning of time. I was more closely connected with the sale of properties in the early days than I have been in recent months.

Mr. GRAYDON: What part did the local reconstruction councils play in the sale of real estate when the factors of employment, warehousing, storage and so on were involved?

Mr. HOWE: As I stated, the reconstruction councils acting through the director general of industrial reconversion passed on sales before they were made. In other words, they indicated the type of industry among those bidding for a plant which would be the most beneficial from the point of view of reconversion, and those responsible for the sale attempted to act accordingly but never at a price lower than the best price offered. I would not be absolutely sure that that was always true, but I know of no case where it was not.

Mr. GRAYDON: As I understand it, the reconstruction council in an area such as Toronto would act in an advisory capacity to the director of reconversion. If that is so, why have these reconstruction councils been abolished in certain places?

Mr. HOWE: They were all abolished as at the end of August. The functions of the reconstruction councils had to do with government plans for full employment under the proposed dominion-provincial agreements. When the dominion-provincial agreements failed to materialize, it was felt that we were not justified in the expense involved in keeping the reconstruction councils alive.

Mr. GRAYDON: My understanding was that the expense involved was relatively small, and it seems to me that with War Assets still having substantial holdings of real estate to be sold there should be no change in government policy.

Mr. HOWE: I know of very few industrial plants which remain to be sold. The problem of reconversion is at least three-quarters completed. In other words, we now care very little for what purpose a plant is to be used, because the peacetime industries which were clamouring for accommodation a year ago have all been taken care of. I know of only one industrial property within thirty miles of Toronto that is for sale to-day and personally I do not care for what purpose it is used.

Mr. GRAYDON: The minister is speaking of industrial properties which have been declared surplus, but I take it he is not in position to indicate what is likely to be declared surplus in that area. To my knowledge, there are some properties which have not yet been declared surplus.

Mr. HOWE: There may be military properties, but I know of no manufacturing property under the control of the Department of Munitions and Supply that has been declared surplus. The only property I know of in the whole area that may be sold is the property that was used for the making of cartridge cases.

Mr. ADAMSON: What is the policy in connection with dividing up a property for sale or rent as has been done with the small arms plant at Long Branch?

Mr. HOWE: The small arms plant is a multiple occupancy plant owned and administered by the government. Part of the plant is required for the arsenals scheme, but the larger part was subdivided and rented to responsible tenants. As has been stated, there are a number of industries renting space in that building and they are all tenants of the government.

Mr. ADAMSON: Are they tenants of War Assets?

Mr. HOWE: Canadian Arsenals.

Mr. PROBE: Has a deadline been set by War Assets to the declaring government agencies with respect to the declaring of surplus materials? It would seem to me that it is about time the government agencies had put their houses in order. They should know the state of their surpluses. For example, the army gave us a clear-out picture of their stock position. Could the minister state whether there has been a deadline set with respect to the declaration of surpluses by the declaring agencies, or are they being given unlimited time?

Mr. HOWE: We are giving them unlimited time. War Assets Corporation acts under a statute of parliament and is bound to receive surpluses whenever the services may declare them. It has no power to declare a deadline.

Mr. PROBE: It seems to me that that is a rather unbusinesslike procedure. The government has power to say to its own agencies, "Get your business in such condition that we shall know what surpluses we have to sell at such a time".

Mr. HOWE: It is within the power of the government to do that, but it is not within the power of War Assets Corporation and my hon. friend asked if War Assets had declared a deadline. The latest report I have indicates that about ninety per cent of the material that will ultimately reach War Assets has now been declared surplus.

Mr. CASTLEDEN: Among the returns in connection with the operations of War Assets is one dealing with machine tools and equipment. One of the favourite firms in Montreal which has obtained some of the larger equipment is the Associated Machinery Corporation, Balfour building, Montreal. This company purchased some $886,000 worth of machine tools and equipment. It is enlightening to see the way in which they have been handling these goods. I have an example of the type of thing that happens when an average man tries to deal with War Assets. We know that aeroplane producers in the United States are doing pretty well, but when it comes to the small machine shop in a small town it is entirely different. This particular company was advertising honing machines, complete with 110-volt motor. This particular man thought it was good value and he decided to invest $75 for a machine. But when he got the machine he found it was in rather bad shape. The whole thing had been stripped and what he got was simply a frame which was absolutely useless. He wrote back and he was told that he had brought it on an "as, is and where" basis. However, he protested further and finally they gave him a credit of $15.

This is one of the recognized dealers of the department and this is the kind of thing which Canadian people have objected to tremendously. Of course the whole operations of War Assets are pretty much of a dilemma for the government, supporting as they do the present system of the distribution of surplus goods by War Assets, goods which the Canadian people have paid for already through taxation and goods which should be available to the Canadian people. The whole idea of War Assets, under our present system of economy is that these goods should be destroyed so as not to interfere with business. The minister says that ninety per cent of all the goods that are ever going to reach War Assets have already been delivered. How much has it cost the Canadian people for these goods, and what percentage are the Canadian people going to realize out of the operations of War Assets Corporation in selling these goods? Their whole policy seems to be: Do not let these goods get out into the hands of the people; whatever you do, see that the goods are destroyed rather than go into channels that will interfere with trade.

Mr. HOWE: My hon. friend differs somewhat from the policy followed by his own province. One of our dealers, and one that was most insistent on being made a dealer, is Crown Assets Corporation of the province of Saskatchewan. Distribution in that province is handled through that dealer organization because of that insistence. So why my hon. friend is so bitter about dealers I do not know. The only practical way of handling sales of machinery is through dealers for the very reason my hon. friend states. A machine is shipped out and the buyer is not satisfied. He thinks he has not received all the parts the machine should have. War Assets is doing a wholesale business, whereas a retail dealer can

make the required adjustment. That is the function of a dealer. I know of no way of distributing machine tools to individuals except through dealers.

Mr. CASTLEDEN: The minister has not answered my question. I asked for an approximate estimate of the original cost to the Canadian people of the goods which War Assets is handling and what approximately the Canadian people will realize from the disposition of these goods. Will the Canadian people realize eight per cent, ten per cent or some other percentage of the cost of these goods to the Canadian people in the first place?

Mr. HOWE: I could give that by classifications. I could tell my hon. friend what proportion of the purchase price of real estate and buildings War Assets is receiving. I could give the percentage of recovery on machine tools. But take poison gas, for instance. It cost a great deal of money to produce and the recovery from it is nil. In fact, there was a very large bill against War Assets for disposing of it. Take fighter planes. The recovery on them is very small. A few types can be adapted at great expense to domestic uses but great numbers of them cannot be. The cheapest way to get rid of obsolete planes was the bonfire, but the bonfire was so disturbing to people that we adopted a new policy, which seems to work very well. We sold the carcasses of planes for $5 apiece, and if you drive through Saskatchewan or Alberta you will find an aeroplane carcass in almost every farmyard.

Mr. SMITH (Calgary West): No.

Mr. HOWE: I am telling you.

Mr. SMITH (Calgary West): You are not telling me; you are telling these other fellows.

Mr. HOWE: The recovery on items like that is not great. On other classifications I believe that our percentage of recovery is very much higher than in the United States, and I think it will compare favourably with the recovery on similar items in other parts of the world.

Mr. ADAMSON: The difficulty is that so many of us who may want these things from time to time cannot find out where they can be bought. I was one of the fortunate ones in that I was able to buy a universal carrier, for which I paid $200.

Mr. HOWE: You must have had influence.

Mr. ISNOR: You bought it direct?

Mr. ADAMSON: Yes. Living in the country I find it very useful for hauling lumber, and, as I said, it amuses the children, who love to drive it. It is amazing how young they can learn these things. I found out by mere chance that these universal carriers were for sale. In the United States press not a day goes by but what you see advertisements of war equipment for sale at the larger stores in New York. I mention one in particular. Macy's had an advertisement the other day of carburettors for the Merlin engine. The people bought them simply because they cost four or five hundred dollars originally and were selling at fifty dollars, and presumably a large amount of money went to the government and the agent in disposing of those carburettors. But there is very little advertising of these surplus goods that are for sale in Canada. The average man on the street has very little opportunity of seeing them advertised. The big stores do not advertise them. Take an article like flying boots, which are very useful and desirable in a country where there is lots of snow. I was in one of the larger stores in Toronto and they told me, "Oh, yes, we get flying boots occasionally but they are all snapped up by the people who are in the store at the time." I think a great deal more effort should be made by the agents to advertise War Assets goods that are for sale. Some people who are lucky and are in the store at the right moment are able to get them, but there are thousands and thousands of instances of goods which are considered unsaleable and are not advertised which could be sold. I believe that a great deal more effort should be made to advertise the goods which the department has for sale.

Mr. ISNOR: Before this item passes, perhaps I should say a word or two, particularly in regard to the remarks made by the hon. member for Peel. I recall that when the report was tabled, with my name to it, he inquired whether I proposed to move concurrence. I replied, if I remember rightly, that I would be pleased to do so if an opportunity presented itself. I added that the committee had considered that question but had not felt it advisable to make a motion of concurrence or at least suggested to the chairman that that course be followed. Later on, the hon. member for Peel used the phrase "a whitewash" report. He may have something in mind in regard to whitewashing, but in fairness to the committee which I may say was a very fine committee, apart from the chairman—

Mr. SMITH (Calgary West): The chairman gave us a dinner and it was an excellent one.

An hon. MEMBER: What was the bribe?

Mr. ISNOR: If I may answer that ungentlemanly remark, there was no bribe. The dinner was given at the conclusion of our deliberations.

Mr. FRASER: I heard that the chairman was very good and very impartial.

Mr. ISNOR: Coming to the suggestion that this was a "whitewash" report, I deny that it was a "whitewash." Hon. members agreed, and so stated, that it was a very fair report. We were not going to condemn the government for something it had not done, merely to satisfy certain hon. members who were not on the committee. We were not going to condemn War Assets Corporation for carrying on in a manner which they felt would bring the best returns to our country. Sitting there as chairman, listening to the evidence day in and day out during our deliberations, I say without fear of contradiction that War Assets Corporation has done an exceedingly fine job. It may have made mistakes. The armed services may have made mistakes; they may have destroyed in the early stages some useful material. But I should like to know of any other organization which could be set up that would handle a business of $226 million in the time in which they did it and perform a better job. It must be remembered that War Assets Corporation was brought into being without any previous experience of the kind; it had to establish a new structure; it had to bring into being an agency, first to collect, then to assemble, recondition and supply the market with these goods in such a way as, so far as possible, not to interfere with the regular sale of goods.

The hon. member who has just taken his seat referred to Macy's, New York, advertising war assets goods obtained from War Assets Association—"W.A.A." The same thing applied here in Canada: Eaton's, Simpson's and other stores throughout the dominion advertised the very articles that he mentioned. I remember they sold airmen's shoes retail for $12.50.

Mr. ADAMSON: I know. I bought a pair.

Mr. ISNOR: But War Assets Corporation could not possibly retail those, as some hon. members—inexperienced members—may think. War Assets Corporation could not sell those through retail channels; it would not be profitable to do so; they would not get the net return which they are getting to-day. The corporation was set up for the purpose of disposing as rapidly as possible of surplus materials, and I think they are doing that in the best possible way, in spite of what hon. members who were not on the committee, and have not had an opportunity of studying their policy, may say.

As regards the questions and answers, I do not know whether the replies received were satisfactory to all hon. members, but I believe that the officials of War Assets Corporation and of the armed services endeavoured, to the best of their ability, to give the information which was requested of them. I do not know of any case, with the possible exception of the question referring to repairs to ships, in which the information has not been given in a complete manner; and, as regards ships, I believe the request was made for the cost of repairs in connection with twenty-seven of them. Seventeen ships were covered in the first return and, if I recall rightly, seven in a later return, making twenty-four out of twenty-seven, and particulars as to the other three were promised as soon as the repairs are completed.

I could go on, Mr. Chairman, and talk at great length with regard to the evidence. There were over 1,200 pages of evidence. It is almost impossible for the minister, with his great ability, to begin to give all the details; and even though the members of this committee endeavoured to follow the evidence as closely as possible, I question whether any one of them could being to answer all the questions which have been put to us this evening. I do not pretend to say that I could answer a good many questions; but, after carefully following the evidence, I am satisfied that the policy being pursued is bringing about the best results possible, taking a broad and wide view.

As regards the question which has caused so much discussion, hon. members have read about it in the newspapers; the magazines also have printed a lot of material, and we investigated the subject. We have not fully covered the ground, and we frankly stated so. We criticized the Royal Canadian Air Force for not keeping better records. We also referred to the sensational and extravagant statements made by one of the witnesses. I recall that one of the words used in the original report was struck out. We endeavoured to make it just as fair for one as for the other; in other words, we presented a very reasonable report.

I am sorry to have taken up so much time, but I thought that as chairman of the committee I should put on record these few words.

Mr. ADAMSON: I feel that War Assets had an awful lot of material which they do not think is saleable but which is probably quite saleable to-day in Canada, and I do not think an attempt is being made to sell a great

part of this material. The conclusion to which I came after visiting one of War Assets branch offices, and having looked at what they are marketing in the United States, is that there is a great deal of material which is marketable, but in the belief that there is no market for some of this stuff it is being put aside and assumed to be unsaleable. I mention as one specific instance the Merlin carburettor. One might think there was no appreciable market for an expensive and intricate piece of material like this carburettor, but it has been found that there is a market, and an extensive one, among people who have home machine shops, among mechanics who want bits and pieces from this intricate piece of machinery which is no longer used and for which, I believe, $50 apiece is paid. That is the sort of thing which suggests to me that we are not taking full advantage of our opportunities to sell this equipment.

Mr. GRAYDON: Some reference was made by my genial friend the senior member for Halifax to a remark I made in the house when the report was first presented. Having read the articles in *Maclean's* with a certain degree of care, not having been privileged to serve on the war expenditures and economies committee, and having listened to the report as presented that day, it seemed to me, and I think to a number of other hon. members who were not on that committee, that the committee did not come to grips with charges which were so sensational, so spectacular, and seemed to be so well supported by Mr. Brown in that magazine. I do not think the senior member for Halifax needs to feel so very much offended at the word "whitewash" as applied to a committee which had a government majority, for although I might perhaps suggest some other word, "whitewash" seems to me as good a term as can be applied to the committee's treatment of Brown's charges, because it was these to which I was referring. Looking over the committee's report, it seems strange to me—and although I cannot speak for any other member I still have the right to speak for myself—that the committee left Brown's charges very much in the air, with this exception. They picked out, as they thought, two or three of the rotten apples in the barrel but they never made any reference to the sound ones left; I mean those charges of Brown's which could be founded on fact. It seems strange to me that the committee should pick out a couple of charges, refute them, and then say:

> Your committee's inquiry in this connection had not reached a stage where further comment on the evidence can be made, but your committee feels that what appear to be sensational articles should not go unchallenged.

That appears to me to have all the elements of whitewash and it may be that, even with my very convincing friend's arguments, the story in connection with this matter is not satisfactory. I want to know what has happened to Brown's allegations. He has charges by the dozen against War Assets Corporation. Where are they dealt with?

Mr. HOWE: Tell me one.

Mr. GRAYDON: I shall send to the reading room for *Maclean's* night now, because if the minister wants me to read it I will. I have no objection to putting it on *Hansard*.

Mr. HOWE: Was his name Sherashevski or Brown?

Mr. WARREN: Will the hon. member tell us under what name this Mr. Brown signed a similar article which he wrote for the Winnipeg *Free Press* and also what his real name is?

Mr. GRAYDON: I am not interested in names but in facts, and I suggest that at least the committee might have gone to the stage where they could go into Brown's charges and report whether they were right or wrong. I am in the position of everyone else in this house. I do not know whether they are right or wrong.

Mr. REID: I nailed one of them as a lie.

Mr. GRAYDON: There are many of them.

Mr. REID: Keep the record right. I nailed one.

Mr. GRAYDON: I will keep the record right. I am not attempting to be unfair in any way, but if in a flock of birds you bring down one, that does not mean that you have got rid of all the starlings in the country. The part of the report which I desire to bring to the attention of the committee, and which caused me to use the word "whitewash", is contained in the paragraph in which the committee says that it—

> . . . had not reached a stage where further comment on the evidence could be made . . . but your committee feels that what appear to be sensational articles should not go unchallenged.

In other words, you challenge the articles and leave them in mid-air, and that is the basis on which I made my statement.

Mr. ISNOR: We took his prize exhibit and placed it before the public, in which he stated that an $80 battery was bought for $5. We showed that it was a $14.68 battery, but he used the figure $80, and to repair that

same battery it would have cost over $20. We leave it to any sensible person to figure the cost, respectively, to the country in the two cases.

Mr. GRAYDON: I am at a complete disadvantage in discussing further the details of the matter because I was not on the committee. Moreover, I speak from the point of view of the average layman who reads the article and wishes to know whether it is right or wrong, and I cannot find the answer. What the hon. member for York West has said deserves more than passing consideration. He refers to the question of the selling of various war assets material. Those hon. members who come from rural districts know what a lot of money can be realized out of auction sales. I do not care what sort of material it may be; to others it may be so much junk but to the purchaser it may be valuable. I have never gone to an auction sale when somehow or another, whether because of the spirit that prevails on such occasions or whether it is something that gets into one's blood, everyone did not want to bid. I believe that far too much war assets material has been perhaps discarded as junk or has been destroyed, as the evidence seems to have shown from time to time, when much of it could have been realized and turned over to the dominion treasury. I do not know whether it is too late, but I regard that as a constructive suggestion. After all, a dollar is a dollar, and we cannot afford to pass up any chances in seeing to it that the last cent is obtained from these things. What the hon. member for York West has said with regard to retail merchandising might more emphatically be said with regard to auction sales. I am a great believer in auction sales from the point of view of the seller, the man who holds the sale, and for that reason I think the government might properly consider the suggestion of a humble adviser like myself so far as rural matters are concerned.

Mr. HOWE: I admit that high prices can be obtained at an auction sale, but the government is supposed to have a price ceiling. Suppose we had some automobiles in the field. We would get a tremendous number of bids and we might make money, but what about the man who paid above the ceiling price. He would prosecute War Assets. A tag must be put on, which is a ceiling price set by wartime prices and trade board, and then it becomes no action at all, because we receive far more bids than we can supply. It became, therefore, a question of drawing lots among the bidders to see who would get the article. That is inevitable if the government is to obey its own price ceiling policy. It is common knowledge that an enterprising auctioneer bought up some old tractors in Ontario, took them to Manitoba and sold them at eight or ten times their value—I am told it was Yorkton, Saskatchewan. I believe the auctioneer actually bought one himself before he got through. A wonderful time was had by all. That is all very well, provided that no government agency is involved. My hon. friend will find, on reflection, that auction sales are not the source of revenue for the government which he may imagine.

Mr. GRAYDON: Perhaps the minister and I are thinking of two different things. I had not in mind those things which he speaks of, because I can understand that in some instances it would not be practicable to have an auction sale, but I am speaking of what is more less junk that has been destroyed and burned. I believe the government would have realized many hundreds of thousands of dollars if they had put up that material at auction in the usual way.

Mr. HOWE: Nothing has been destroyed since the early days of War Assets, and nothing is junk that has any real value. A highly skilled technician with an engineering background can dig over a junk pile if he has ample time, as our friend seems to have had, and to a scientist that will mean something. He can make something out of it, especially since he has a workshop in his own basement, he says. Take a partly fabricated article which is nothing but junk until extra work is put on it. That can be made into something useful. But nothing there was junk. It is suggested that we have not sold all that we can sell. I agree. I do not think we have sold all our possessions, but we come to them as we can. We are selling these things which are perhaps most easily saleable and most required for the conditions of shortage that we are in today. I may tell the hon. member that we have a good many hundred Merlin engines with carburettors tucked away. Some day or another we shall get around to selling these; but in any sales organization you must have a capacity and ours has been geared for sales of $20 million a month. We have been doing better than that in the last five months. It takes time to catch up. With all the articles that we have, I imagine we shall be selling war assets a year from now and that the present volume of sales will keep up from now to Christmas. After that, I think we shall be selling at a slower tempo, and will be able to merchandise all that we are not selling at the moment.

Mr. ADAMSON: Do not underestimate the number of amateur mechanics in the country.

Mr. LENNARD: A few days ago I asked the minister if an investigation had been completed by the Royal Canadian Mounted Police into the irregularities in the sale of war assets in Hamilton, and if he was prepared to make a statement. His answer was to the effect that he had not been given sufficient notice of the question, but that he understood a report had come from the police and, while he had not seen it, he understood that they did not recommend any prosecutions. Is the minister prepared to make any further statement?

Mr. HOWE: I shall simply confirm that. The mounted police reported that, after a thorough investigation, they had not uncovered facts which would warrant prosecution.

Mr. LENNARD: On good authority my understanding is that, after the Studebaker Corporation had bought the land and buildings of the Otis-Fensom war plant and had taken possession of the buildings, there was still considerable equipment in the buildings which belonged to War Assets, and which they wished to take over. Many of these machine tools, lathes, et cetera, or at least some of them, were disappearing nightly. The locks on the doors of the plant had to be changed to prevent further stealing from going on. My understanding is that, when they took over, there was considerably less in the building than the original inventory had shown. Is that correct?

Mr. HOWE: Not to my knowledge. There may have been thievery afterwards, but the transactions for which the two young airmen were suspended were violations of the regulations of War Assets. The payments were recovered, and, as I say, after a thorough investigation the police were able to find no transactions which warranted prosecutions.

Mr. FRASER: When the senior member for Halifax was speaking he mentioned the sale of air force boots at $12.50 a pair and praised War Assets Corporation for selling them at that price. Some time ago a return was tabled in my name and, if I remember correctly, it showed that thousands of pairs of air force shoes were sold at $6 up to $7.20, but only about three pairs were sold at $12.50.

Mr. ISNOR: I quoted the retail price as advertised by Eaton's and Simpson's, I think.

Mr. FRASER: I am quoting the price at which War Assets sold the shoes. There were only three pairs sold at $12.50, and they were sold to individuals.

Mr. ISNOR: We are talking at cross-purposes. I cited the retail price to the consumer by the retailer. The hon. member is talking about the price charged by War Assets.

Mr. FRASER: No, I am talking about the retailer because these were sold to individuals, and they were members of different departments of the government.

Mr. HARKNESS: I am wondering when this item "termination of contracts" will be terminated so far as the estimates are concerned. In 1945-46 we voted $175 million for this item. The regular estimates for this year which were passed this evening showed $50 million. Here we are over a year after the war is over and the supplementary estimates come out with an item of $25 million for termination of contracts. I am wondering whether these are lifetime contracts, ten year, contracts, or when we can hope to see the end of them. I should have thought that more than a year after the war is over, all contracts for war materials would have been terminated. Can the minister tell us if this is the very last of these "termination of contract" votes that the committee will be required to vote?

Mr. HOWE: I cannot tell the hon. member anything of the kind. If he thinks it is possible to terminate about $14 billion worth of contracts in a few months he had better try it himself. Certainly we shall be terminating contracts for the next six months and shall be very glad to get finished up by then. We have dealt with this item before, and I explained that it is a revote of the money which was voted last year and which was not expended within the limitation fixed by the fiscal year. Therefore let us treat serious matters seriously and not be facetious about contract termination which is a bit of a job and is getting the full-time attention of the largest and most skilled staff that we have been able to train.

Mr. HARKNESS: Far from being facetious about it, I am quite concerned.

Mr. HOWE: Do not let it worry the hon. member's head.

Mr. HARKNESS: I still fail to understand how this item of $25 million appears in the supplementary estimates. It might well have been a revote in the regular estimates, but these are supplementary estimates which come down over a year after the war is over.

Item agreed to.

Demobilization and reconversion—
942. Emergency shelter — administration—further amount required, $750,000.

Mr. NICHOLSON: I notice in the evening press an article which states that the minister met a delegation of homeless veterans on Saturday. The statement which the minister made was certainly not the sort of one which should have been made at this particular time. The item states that the reconstruction minister's statement to the 150 homeless veterans on Saturday was that housing in Ottawa was a civic affair. It goes on to state that last night there was strong criticism from civic authorities. The article mentions some of the slogans which were carried. Here are some of them: "We want diversion of materials to veterans' housing", "homes before theatres, stores or bowling alleys". These suggestions were quite constructive. I understand that some months ago the minister passed the buck to the municipalities to determine priorities, but my information is that the municipalities have no authority to withhold permits from individuals who wish to build privately when they comply with city standards.

Mr. HOWE: I will correct my hon. friend there; we gave them that authority by order in council.

Mr. NICHOLSON: My information from the municipalities is that they cannot turn down an application.

Mr. HOWE: Your information is wrong.

Mr. NICHOLSON: Why are they not doing it?

Mr. ST. LAURENT: Ask them.

Mr. NICHOLSON: In Ottawa we have materials going into bowling alleys, theatres and whatnot, and the veterans claim that they cannot get the materials.

Mr. SINCLAIR (Vancouver North): That is for the city authorities to decide.

Mr. NICHOLSON: It is not being accepted by the city authorities.

Mr. CHEVRIER: They grant the permits.

Mr. NICHOLSON: The minister's parliamentary assistant represents one of the city constituencies. If that is the situation, then he should work in closer cooperation with the civic authorities and clear this matter.

Mr. McILRAITH: It takes two to cooperate.

[Mr. Harkness.]

Mr. NICHOLSON: The article goes on as follows:

Controller McRae said: "From now on it's the government's responsibility." The city was in no position to engage in a large-scale housing plan that might be temporary and result in unsightly slums when the houses were no longer required.

"It is a situation which became complex before it was recognized; but it should have been recognized before it became too complex to handle. And the government was in a better position to anticipate it than the city was."

Controller Goodwin said:

Ottawa had no more land for housing projects. Site for 400 houses on Carling avenue at Merivale road had been acquired by the city, but there is no place in Ottawa now for another project of that size.

He said it was easy to say that the city had only to ask the government for houses, but getting them was another matter.

And so on. I discussed this matter at the beginning of the session. I pointed out that it was time the minister took responsibility in bringing the provincial and municipal authorities together so that it might appear as to whose responsibility it was. Here we are with a situation all across Canada much the same as was experienced here on parliament hill on Saturday. These men, veterans of two wars, some of them with their wives, children and friends, paraded to parliament hill to appeal for assistance. One of the slogans read, "Where are those homes fit for heroes to live in?" And another, "Have you ever tried to live in one room with a child?" I suggest that the minister should make a statement as to what he proposes to do in this matter. He has now had more than a year since V-E day.

I have had a question on the order paper for weeks, and it is still there as question No. 1:

What is the total value of construction permits which have been issued to breweries and distilleries in Canada since V-E day?

It is not that I am quarrelling with hon. members who wish to consume the products of these breweries and distilleries. But I think we should have some sense of priority, and some sense of values. I cannot see any good reason why permission should have been given for such large commitments for breweries and distilleries, at a time when housing continues to be Canada's No. 1 problem. Would the minister make a statement at this stage as to what hope he holds out?

Mr. ROSS (St. Paul's): Some time ago I spoke in the house about building going on —motion-picture theatres and things of that kind. I said at that time that these buildings required workmen, supplies and so on. The

mayor of Toronto said, according to the radio, that is was not up to him, and that he could not help it. The minister said that certain areas had been allotted certain supplies, and that they go to various areas in Canada. How are the supplies allotted? Is there a metropolitan area; are the supplies allotted to the city of Toronto alone, by priority, or are they allotted to outlying districts? Do mayors and reeves have to make up their minds as to whether this or that shall be built?

Mr. McILRAITH: Since I have been mentioned by the hon. member for Mackenzie, perhaps I should say something about the delegation which came to parliament hill on Saturday. There are one or two things which should be cleared up. I must say now that I cannot answer the statement in the press to-night, because I have not yet had an opportunity to see to-night's paper. I hope in due course to reach that stage.

First of all, hon. members can judge as to size of the group, in numbers, which marched up to parliament hill. I think it will be found that there were about sixty persons. In any event, nothing turns on that. I took the precaution, however, of making a count of them as they came up.

Mr. NICHOLSON: The paper says there were 150.

Mr. McILRAITH: Yes, I know that. However, I took the precaution of counting them, and I believe some others did. However, I do not think anything turns on that, in any event.

There is no doubt that many of these veterans are in difficult circumstances so far as housing is concerned. I happened to know personally a considerable number who were in the parade, and to know something about their personal circumstances. When they reached the front of the building they were received and, as a matter of fact, a subcommittee from among them, numbering about eight or ten persons, came to my office. The minister was kind enough to come in and receive them, along with the parliamentary assistant to the Minister of Veterans Affairs, the hon. member for Ottawa East, and myself.

The statement about housing being a civic affair and that the city could have all the houses it wanted arose out of a question asked by a tenant in one of the present wartime housing houses on Carling avenue. This tenant recently arrived in Canada, for the first time; and when the question was raised some discussion developed because the other members in the delegation did not have any housing, and had somewhat different ideas as to what was needed. The question arose as to why we built only 200 last year on that particular project. An answer was given and an attempt made to explain that wartime housing houses are built in conjunction with and at the request of the municipality, and that the municipality has the responsibility of making the request. That is how the whole subject arose.

I saw the morning paper and I must say I was somewhat startled by the headline on the story. There was nothing wrong with the story; it had to mention only part of what went on, and not all of it: But the headline was a bit startling, to put it mildly. Those veterans had all sorts of difficult problems. One of them, who was a personal friend of mine, had come from the old country in 1934 to join the Canadian merchant marine. He served on the great lakes merchant ships in the summer, and on ocean-going vessels in the winter. He never came to any town or settlement in Canada at any time prior to the war. Upon the outbreak of war he enlisted in the navy, and has a most excellent record of service. During the war he was fortunate enough to marry an Ottawa girl. He has now applied for housing under a wartime housing project. Priority was given to persons who had residence in Ottawa at the outbreak of the war, so that he was shut out.

Mr. NICHOLSON: Where would his residence be?

Mr. McILRAITH: That is a rather nice academic point. I have sent a memorandum to see if I can get a better opinion than my own as to where it would be.

Mr. NICHOLSON: On the high seas, I suppose.

Mr. McILRAITH: In any event, it presents a difficult problem. Most of these people were very much concerned with finding what we would probably class as emergency shelter, and finding it quickly. But to say that the minister was passing the buck to the municipality is just a lot of nonsense. And to say that there is any lack of cooperation between the hon. member for Ottawa West and the municipality is a lot of nonsense, too. There has always been close cooperation. The problem is one of a serious nature which requires all the cooperation which all elected representatives, in whatever capacity they may serve, can give it. I do not know that I can say more about it.

There was some reference made to the authority to issue or reject building permits. The municipality was given authority to reject permits for such things as theatres, bowling alleys and the like.

Mr. NICHOLSON: On what ground?

Mr. McILRAITH: That has been explained in the house several times. I think it is fair to say that the construction control was difficult to administer. There always was the cry, "We in the local area know what is needed to reestablish our men. We know when someone wants to be reestablished in business. How can you, in the central government in Ottawa, know what should be done in other parts of Canada?" Jurisdiction was given to the municipalities to decide, bearing in mind the needs of those particular municipalities. Many of them did not choose to exercise their power, although I believe some of them did. I understand that some municipalities do exercise the power and do reject applications for building permits for such things as have been under criticism to-night. Others do not.

But to say that there has been a passing of the buck on the municipalities does not quite meet the facts.

Mr. NICHOLSON: Will the minister explain what is provided in this vote of $750,000?

Mr. HOWE: This is supplementary to item 504. Before I have finished, I shall ask the committee to consider that vote, which appears in the Department of Finance. The hon. member will recall that in the early part of this year emergency shelter was a function of the Department of Finance, and it was transferred to the Department of Reconstruction about May. The vote of $1,547,000 was the estimated cost of assisting the cities and municipalities to provide emergency shelter. That is, temporary shelter to take care of the period until permanent housing could be supplied. This is used for fitting up buildings such as barracks, or redividing staff houses, and work of that kind. A good deal of it is associated with the universities. It was estimated that $1,547,000 would be sufficient, but the demands have been more substantial than was anticipated, with the result that we are asking for an additional $750,000 in the supplementary estimates, bringing the amount up to $2,297,000.

Mr. NICHOLSON: Could the minister give a breakdown according to provinces?

Mr. HOWE: I am sorry, but I have not a breakdown according to provinces. In fact, I have not much of a breakdown at all.

Mr. NICHOLSON: Could this item stand?

Mr. HOWE: I should like to get it through to-night if I could. I think the division between the provinces is fairly good. Wherever there was a lack of housing, funds were supplied. In Vancouver they were spent largely in connection with the Vancouver hotel, and on the prairies they were spent in assisting the municipalities or the provinces to convert temporary buildings into habitable quarters.

Mr. KNOWLES: You have a special item, No. 499, for the Vancouver hotel.

Mr. HOWE: Yes; it is handled by Emergency Housing.

Mr. NICHOLSON: Has the minister the figures for the various universities?

Mr. HOWE: No, I have not that, either.

Mr. NICHOLSON: This item calls for more than $500,000, and I think the minister should have a little more information to give us before he asks us to pass it. Either item 504 or item 914 should stand.

Mr. HOWE: Why not let item 504 stand, and then the Minister of Finance can deal wit it?

Mr. KNOWLES: Passing the buck again.

Mr. HOWE: No; it is in his estimates and I suppose he is responsible. I should like to get this through so that we could finish the reconstruction estimates.

Mr. NICHOLSON: Do I understand that you are not taking item 504?

Mr. HOWE: How would it be if we let these items go through, and then I will undertake to get a breakdown and give it on a suitable item later on? After all it is getting toward the end of the session.

Mr. NICHOLSON: Are you calling item 504 to-night?

Mr. HOWE: I should like to.

Mr. NICHOLSON: When could we have this information?

Mr. HOWE: On the orders of the day some time before the end of the session.

Mr. ROSS (St. Paul's): How are supplies allocated to the different parts of Canada?

Mr. HOWE: Equitably.

Mr. ROSS (St. Paul's): I would not be surprised, but I cannot understand why moving-picture theatres and bowling alleys are being constructed when there is such a great need for materials and workmen. As far as my part of the country is concerned, it is not a question of a mayor or reeve making the decision. I asked about this before and I gave a couple of illustrations. I told of a man who would be able to take in two or three

more families if he was able to get some material. There should be some basis on which this emergency housing was handled, because the whole thing is beyond my comprehension.

Mr. HOWE: People have been in the habit for years of buying materials on a certain basis and, as more material is available, proportionate allocations are made to those dealers. A dealer in Toronto may have a customer in Hamilton, and I do not see any reason why he should stop selling to that customer. That is beyond the power of those responsible for the distribution. A man living in one of the Yorks may be a customer of a dealer in Toronto, and he should be permitted to continue to deal with him. It is not a matter of distribution; it is a matter of retailing material after it is distributed by the wartime prices and trade board. There is that weakness, but the fact is that before a bowling alley or a moving-picture theatre can be built, some civil official must sign a permit permitting the building to be built. He has the power to sign it or not sign it. If he decides not to sign it, there is no recourse for the man who has applied. That is all there is to it, they just sign it as I suppose they feel they can secure the material.

Mr. ROSS (St. Paul's): I suppose they think it would be in competition with the next municipality?

Mr. HOWE: It might be that.

Mr. ROSS (St. Paul's): There should be some classification in connection with this thing.

Mr. NICHOLSON: With the housing situation as critical as it is, I think we should have more than a statement by the minister on the orders of the day. These are two rather large items, and I think the minister should make a further statement, or he should allow this item or item 504 to stand.

Mr. HOWE: I spoke on housing in this house for three hours and there was a full-fledged debate afterwards.

Mr. NICHOLSON: The situation is still unchanged.

Mr. HOWE: That was two or three weeks ago, and I do not remember hearing my hon. friend's voice in that debate, so that I assume he was on holidays. I can assure him that the debate did take place and I think the longest speech of the session was on housing.

Mr. NICHOLSON: I was unavoidably absent at the time, but the situation is still critical.

Mr. HOWE: I should like to make the speech all over again for the benefit of my hon. friend, but I suggest that he read *Hansard* instead.

Mr. NICHOLSON: I have asked for the breakdown of this item, and I think the item should stand until we get it, because the matter would not be debatable on the orders of the day.

Mr. HOWE: It is all very well to let items stand early in the session, but these are, we hope, the last two days of the session. I suggest that we let this item go through, on the understanding that I will see that a breakdown is put on *Hansard*.

Item agreed to.

DEPARTMENT OF FINANCE

Demobilization and reconversion—

504. Emergency shelter — administration, $1,547,000.

Mr. NICHOLSON: I suggest that this item stand until to-morrow.

Item agreed to.

Housing branch—

60. To provide for payments of amounts owing under guarantees given by the Minister of Finance pursuant to item 55 of schedule A to the Appropriation Act, No. 6, 1945 (and pursuant to corresponding items in previous appropriation acts) to approved lending institutions in respect of loans made for the purpose of financing the conversion of existing houses into multiple family houses, such payments to be made out of unappropriated moneys in the consolidated revenue fund, $1.

Mr. NICHOLSON: Could the minister explain what this dollar is to be used for?

Mr. HOWE: This item is just to preserve the legal authority to provide for payments of amounts owing under guarantees by the Minister of Finance pursuant to item 55 of schedule A to the Appropriation Act, No. 6, 1945, and pursuant to corresponding items in previous appropriation acts, to approved lending institutions in respect of loans made for the purpose of financing the conversion of existing houses into multiple family houses. The item preserves the right of the Minister of Finance to meet obligations incurred under the act, for which appropriations will be asked of parliament. There are none at the moment, but we have put in the item of $1 to keep it alive.

Item agreed to.

DEPARTMENT OF TRANSPORT

Marine service—

878. Construction, maintenance and supervision of aids to navigation, including salaries and allowances to lightkeepers—further amount required, $132,500.

Mr. ZAPLITNY: This item refers to aids to navigation. Does it include dredging?

Hon. LIONEL CHEVRIER (Minister of Transport): There is no dredging under this item.

Item agreed to.

Marine service—

879. To provide for Canada's share of the cost of the north Atlantic ice patrol, $8,000.

Mr. GRAYDON: I wish to raise a question with respect to this item for the north Atlantic ice patrol, in view of the relations at present existing with respect to the arctic region of our dominion. I am not sure which minister I should address, but I take it that it is the Minister of Transport. Would he indicate just what the north Atlantic ice patrol does and whether there have been any recommendations from the joint Canada-United States defence board with respect to the extension of the patrol into the arctic wastes about which we have heard so much in recent times.

Mr. CHEVRIER: This vote has nothing to do with any ice patrol in the arctic zone. The patrol covers the north Atlantic by virtue of an international agreement made in London in 1914 and extended in 1929, by which some thirteen powers agreed to share the cost of patrolling the north Atlantic during the season of ice menace. Canada's share was established at three per cent of the cost, and this item of $8,000 is to cover that.

Mr. GRAYDON: Why was this item not included in the main estimates?

Mr. CHEVRIER: During the war years this vote was discontinued, and it was only after the main estimates were prepared that it was brought to my attention by the officials of the department.

Mr. GRAYDON: Is there any thought of undertaking any work in connection with the arctic region at all?

Mr. CHEVRIER: Not to my knowledge.

Item agreed to.

Railway service—

881. Prince Edward Island car ferry and terminals—To provide for the construction of an icebreaker-railway — car-highway — vehicle-passenger vessel for the Prince Edward Island car ferry service—capital—further amount required, $200,000.

Mr. McLURE: I should like to have an idea from the minister what this supplementary vote of $200,000 is for. Is it for the completion of the ship? In the regular estimates there was an item of $1,000,000 or so, and I should like the minister to tell us how far work on the ship has progressed. Is this for the finishing touches on the ship? Will she be finished and ready for service this fall?

Mr. CHEVRIER: In the main estimates there was an item of $2,000,000 to provide for payments under the contract, and this $200,000 is an additional payment to keep the contractor in sufficient funds under the terms of the payment clauses of the contract.

Item agreed to.

DEPARTMENT OF NATIONAL DEFENCE

568. Air services (commitments, $29,855,110), $118,124,753.

Mr. MASSEY: I think the members of the committee as a whole, regardless of party, realizing the world situation at the moment, would like to have a brief statement from the minister on the present position of the regular forces of the Royal Canadian Air Force, its numbers and the immediate plans. I suggest that it might save a lot of questions if the minister would make a brief statement.

Hon. COLIN GIBSON (Minister of National Defence for Air): The R.C.A.F. during the past six months has progressed rapidly with demobilization, with the result that to-day we have a strength which is less than our estimated post-war strength. That means that we have demobilized rapidly. We have not taken in recruits as rapidly as we should have liked, but we have set a high standard and recruits have been coming in satisfactorily up to the present time. Those who have been accepted for the permanent force number 9,122. Our total strength is 15,373, of which 1,515 are members of the women's division, who will be going out by the end of this year.

Our forces overseas have been repatriated rapidly, and at the present time we have less than 500 serving overseas. Some of them will be remaining there on courses and on duty, and the remainder will eventually come back to Canada.

Mr. MASSEY: Are any of the 9,122 permanent force new recruits?

Mr. GIBSON (Hamilton West): New recruits are 1,313.

Mr. MASSEY: And in what general trades? The non-technical trades?

Mr. GIBSON (Hamilton West): They are of all different trades.

Mr. MASSEY: But non-flying list?

Mr. GIBSON (Hamilton West): Non-flyers.

Mr. MASSEY: And, of these 15,373, how many does the minister anticipate will remain in the permanent force or are likely to be accepted in the immediate future?

Mr. GIBSON (Hamilton West): The number that has been accepted up to the present time is 9,122. There are 4,736 officers and airmen who either have not made up their minds, or will be released on priority, or are at present on retirement leave.

Mr. MASSEY: It is not anticipated that many of the remainder among those in the permanent force and those at present on strength will remain in?

Mr. GIBSON (Hamilton West): It is not anticipated that a great many of the 4,736 will remain, no.

Mr. MASSEY: Could the minister give the committee some idea of the rate of enlistment, the permanent force to be—presumably—17,000?

Mr. GIBSON (Hamilton West): Between 400 and 450 a month are being enlisted at the present time.

Mr. MASSEY: Is that rate increasing?

Mr. GIBSON (Hamilton West): It has been increasing quite considerably in the last month or two.

Mr. MASSEY: How many of these recruits are coming from the air cadets? Approximately, of course.

Mr. GIBSON (Hamilton West): I cannot give a definite figure as to the number of the 1,313 that have come from the air cadets, but I know that we have enlisted a considerable number.

Mr. MASSEY: The minister will not misunderstand my purpose in saying this, that it seems to me that when recruiting first started many air cadet squadrons throughout Canada were not sufficiently canvassed or sufficiently informed, and many of the young air cadets did not know quite what their position might be; they were not close to recruiting centres in many cases and could not get the information they might have had. What steps have been taken to get in touch with the air cadet squadrons of recent date?

Mr. GIBSON (Hamilton West): I admit that we did lose touch with the air cadets to some extent when recruiting for the air force was discontinued during the war, when we had a surplus to requirements, but since that time we have been maintaining very close contact with the air cadets. We are taking them to summer camps; we are providing flights for the boys who go to camp, and even training some of the outstanding air cadets to fly, so that our cooperation with the air cadet league and the air cadets is now very close.

Mr. MASSEY: Supposing we look at it from the point of view of a permanent force of 17,000, using a round figure, which I believe is correct, is it not?

Mr. GIBSON (Hamilton West): It is 16,100.

Mr. MASSEY: Well, 16,100;—that leaves 7,000 recruits to be added to the service to build it up to strength. The minister anticipates, then, that, at the rate of between 400 and 450 a month, it will take a year before the Royal Canadian Air Force is up to its peacetime strength—

Mr. GIBSON (Hamilton West): Yes, I do.

Mr. MASSEY: —with new recruits?

Mr. GIBSON (Hamilton West): With new recruits and ex-airmen. In the meantime we are having to employ civilians in some of the trades until we have the right type of recruits enlisted or re-enlisted in the service.

Mr. MASSEY: When does the minister anticipate that flying training will be resumed in all branches of aircrew?

Mr. GIBSON (Hamilton West): I anticipate that it will be in full swing next year.

Mr. MASSEY: Not until next year?

Mr. GIBSON (Hamilton West): Not until next year.

Mr. MASSEY: The minister stated that there were 500 all ranks still overseas. Does that include those who are attached to the Royal Air Force and their various units throughout the world?

Mr. GIBSON (Hamilton West): We have no more attached to the Royal Air Force except a few who are attached for liaison purposes. All the others have been returned to the Royal Canadian Air Force.

Mr. MASSEY: The lads who are in the more remote places, India and Ceylon and other places, have been recovered, have they?

Mr. GIBSON (Hamilton West): They have been recovered, yes.

Mr. MASSEY: May I ask the minister further: it seems to me that the statement he makes to the effect that it is anticipated it will be a year before the Royal Canadian Air Force is up to its peacetime strength with new recruits brings up the question of air cadets rather strongly, for I think any one of us who has had any contact with the service will realize the contribution which the

air cadets not only have made but can make to the permanent force. What steps, other than what the minister has stated already, are being taken by the Royal Canadian Air Force to encourage air cadet squadrons throughout the coming school academic year?

Mr. GIBSON (Hamilton West): Well, we are supporting the air cadet league. We supervise their training, we provide them with assistance in their training; we supply instructors. Our ambition is to have the air cadets limited both in numbers and in squadrons, so that the squadrons will be efficient and well trained. If we accomplish this purpose we shall have a waiting list of boys who want to get in, rather than have large numbers of partly trained boys. The success of that has been demonstrated in the past, and we feel that the support we are giving the air cadets and the training which they get in the summer are having a very good effect. This is increasing the keenness of the boys, and they realize that they have a future in the air force.

Mr. MASSEY: I appreciate that, because so many of the smaller municipalities have benefited so materially through the air cadets and the contribution they have made to the community as well as, in turn, to the air force. But I am not a little concerned at what the minister states to the effect that it will take virtually a year of recruiting at its present rate to build the force to its peacetime strength. The minister is, of course, well aware that subsequent to hostilities, in August of last year, many of the V.L.R's. went out very quickly. Those who had ideas about remaining in the service and that sort of thing were very much disappointed about the length of time it took before any announcement was made in regard either to the interim or to the permanent, or, as it is called now, I believe, the regular force, with the result that many outstanding types of all ranks and in all branches and trades left the service, taking their release in order to become civilians again. In many instances these lads have had difficulty with rehabilitation and finding their feet in civilian jobs. We know of some instances where lads have endeavoured recently to obtain information in regard to the permanent force and have claimed that that information has not been furnished in detail. For example, if they were released to the reserve as squadron leaders or as flight sergeants, would they return to the permanent force a flight lieutenants or flying officers, or as sergeants or corporals, or what would their ranks be? Many of these questions remain unanswered. Is full information now available to any applicant who falls within the age limit and who apparently—on paper, at least—meets the requirements of the permanent force?

Mr. GIBSON (Hamilton West): There was difficulty at first in giving anybody definite information as to the rank or position he would hold in the regular force. After all, we had numbers of officers applying to remain in the force, far in excess of our vacancies. To secure our list it would not have been fair to take them on a "first come, first accepted" basis, and we had to find out the approximate total of officers who were applying; we had to review their qualifications, and then decide what ranks we would be in a position to offer them. Consequently, some officers whose records and qualifications were outstanding might be retained with the ranks they held at the end of the war; other officers might be required to revert to a lower rank; some officers we might not be able to keep in commissioned rank, and they were given an opportunity to enlist in one of the trades of the service. But that did take time, and consequently many who had applied for a permanent commission could not get a definite answer for several months. The list has been gone over thoroughly, and at present there are still some officers who are on the B list and who are being notified as to whether they have been accepted or not and what ranks they will hold.

With regard to the remarks made about our taking time to bring up our force to the required number, we could possibly recruit up to strength in a few months if we desired to lower our standard, but we have a high standard and we are endeavouring to maintain it at that level, because we believe that in the long run it will be beneficial to the air force to do so, instead of lowering the standard in order to get numbers rapidly.

Mr. FERGUSON: The minister says the intention is to maintain the standard. Does that take into consideration young men who enlisted from the collegiates and had not an opportunity to go through university, but who probably would have done so except for the conviction that they were enlisting to fight for their country? They enlisted at the age of nineteen or twenty. If the minister's idea of a high standard is university education, then I would think that young men coming out of university four or five years from now would have a preference over lads who enlisted when the war broke out and who, in my opinion, ought to be given a preference

over newly graduating students from universities. The boy who enlisted at the age of nineteen and served four, five and almost six years overseas comes back too old to go to university. He retires from the flying corps with a marvellous record, having risen from the ranks to the rank of officer, and he should have a preference over boys who are graduating one, two and three years after the war. If the standard requires that one be a graduate from a university, then it is too bad, because it will reflect on the young men who had not time to go to university because they were too busy defending their country in the fighting force all over the world. What is the standard?

Mr. GIBSON (Hamilton West): I am glad to be able to reassure my hon. friend. The educational standard that has been set for new entry is not required from those who have had active service during the war.

Mr. MASSEY: How many recruiting establishments are there in Canada, or recruiting centres, and where are they?

Mr. GIBSON (Hamilton West): There is a recruiting centre at every command and at air force headquarters, and each command is responsible for the steps taken to secure recruits throughout the command. In the various commands we have had recruiting teams going throughout the municipalities interesting young lads outside the centre where the air command headquarters is located.

Mr. MASSEY: The question has often been asked me, "Where can I go to enlist?" The location of the centres is not well known. Only in the last few hours a lad asked me whether he should go to Ottawa or Trenton or Toronto to enlist. There seems to be great lack of publicity in connection with the recruiting now going forward; and in view of the remarks already made to-night, which I will not repeat, respecting the length of time it will take to recruit the force to full strength, I should like to know what consideration is being given to the stimulation of recruiting by way of advertising or by other means.

Mr. GIBSON (Hamilton West): We have been running a series of advertisements in the daily papers, giving the particulars of various trades in which vacancies exist, and in each advertisement the address of the nearest recruiting centre is published. Besides the publicity we have put out ourselves in the air force, there will shortly be a joint recruiting campaign for the three services which will set out the particulars of service in the three branches of the armed forces, so that those who wish to join may see the relative advantages of each of the forces and can decide accordingly which they wish to select.

Mr. MASSEY: I know that some time ago a letter was sent to virtually all those who had been transferred to the reserve, or released from the service, calling attention to the permanent force. It was a good letter. But that was a general letter and obviously it went to all personnel. On the other hand, the minister is aware that, particularly in the early days of demobilization, there were some peculiarly outstanding types in all branches and trades and of all ranks whom we lost to the service in view of the fact that the plans for the permanent force were still in the embryonic stages and nothing definite could be stated. The minister is well aware that in some cases lads have reestablished themselves in such a way that they are now permanently in the civil occupation into which they have gone. There is quite a percentage of these lads who are feeling their way back into "civvy" street not too happily, and I am sure the air member for personnel knows where these lads are and, further, who they are, which is more important. Has any thought been given to getting into contact with these lads and providing for them, within the establishment, a place for continued service? I am confident that some of them can be reclaimed and, in many instances, they may be recruited as the backbone of the minister's new service. Has any consideration been given to that?

Mr. GIBSON (Hamilton West): I quite agree that during the war the policy of the force was to release men, particularly aircrew, who have had considerable service, and in that way a considerable number found their way back into civilian life before they had an opportunity of finding out, or before we ourselves knew the constitution of the post-war air force. We have endeavoured to communicate with them and give them an opportunity of applying to rejoin the services. A considerable number have come back, and others we hope to get, because it is certainly realized that some of the men with outstanding service in the war had qualified to be released and did go out before the war ended.

Mr. CAMPBELL: Did I understand the minister to say that there were a thousand odd new recruits being recruited into the air force, or are they from the veterans?

Mr. GIBSON (Hamilton West): There are 1,313 new recruits who never served before.

Mr. CAMPBELL: What categories are they in? Are they in categories that could not be filled from the ranks of the veterans?

Mr. GIBSON (Hamilton West): They are young recruits coming into the service learning all the various air force trades, and they are in the ranks of the air force. We did not have enough veterans of the war in the other ranks desiring to remain in to take up all the vacancies that we had available.

Mr. CAMPBELL: Does the minister say that he is turning away outstanding veterans and putting raw recruits in the service?

Mr. GIBSON (Hamilton West): No, I am not saying that we are turning any away; we are delighted to have them, but we have not had sufficient applications from veterans to fill up the other ranks of the post-war force. Consequently we are to-day at a lower strength in our post-war force than we hope eventually to have. We have not sufficient applications from the "other rank" veterans to fill our vacancies.

Mr. CAMPBELL: The minister had an application from one of the most outstanding flyers in Canada and he turned him down; he was not given a position in the permanent force.

Mr. GIBSON (Hamilton West): That may be true of the aircrew. We have many times more applications for aircrew that we have vacancies. It is in the other ranks, in the ground trades, where there is the shortage.

Mr. ADAMSON: I have had many applications from ex-service men who wanted to get into the permanent force as flyers or as aircrew. Can the minister give an estimate of the number who applied and the number taken in? Fifteen or twenty men made application to me and I do not think any of them got in.

Mr. GIBSON (Hamilton West): At the present time the number of those who have applied is somewhere in the neighbourhood of nine thousand, and 1,681 have been accepted for aircrew.

Mr. ADAMSON: A ratio of six to one?

Mr. GIBSON (Hamilton West): Our officer establishment is 3,461, and up to the present time we have accepted 1,681.

Mr. ADAMSON: Let us get these figures straight. Nine thousand have applied and 1,681 have been accepted. The total strength is 2,400?

Mr. GIBSON (Hamilton West): It will eventually reach 3,400.

Mr. ADAMSON: You have another 1,800 to go.

Mr. GIBSON (Hamilton West): Yes.

[Mr. Campbell.]

Mr. SINCLAIR (Vancouver North): The minister has said that he intends to start air training again next spring. Perhaps he can tell the committee of the way in which he intends to recruit aircrew, whether as permanent force or special reserve or short term commissions, auxiliary air force, or as long-term commissions, or how.

Mr. GIBSON (Hamilton West): Sixty per cent of the junior officers coming in are on short-service commission, a five-year basis. Of that sixty per cent, I think ten per cent will be granted regular long-service commission.

Mr. SINCLAIR (Vancouver North): What sort of gratuity does the minister intend to pay the short-service commission men who give four or five years of the best years of their early life to the service?

Mr. GIBSON (Hamilton West): On retirement they get as a bonus a month's pay for each year of service.

Mr. SINCLAIR (Vancouver North): How does that compare with the R.A.F. system?

Mr. GIBSON (Hamilton West): I think they have a cash bonus which is higher than we propose paying to-day.

Mr. MacNICOL: What is the maximum age at which airmen are taken into the air service?

Mr. GIBSON (Hamilton West): Is that for aircrew?

Mr. MacNICOL: Yes.

Mr. GIBSON (Hamilton West): I shall have to get that information.

Mr. FERGUSON: I understood the minister to say that the required strength of the air force is approximately 3,500 and that, so far, approximately 1,600 applicants had been accepted?

Mr. GIBSON (Hamilton West): Yes.

Mr. FERGUSON: I happen to know young men who had matriculated and who rose from the ranks during the war. Many of them cannot get into the air force now to satisfy their own desires. They did good service on bombing expeditions over Europe. They have applied to the government to go back as flying officers, and they have been told that their applications could not be accepted. I can hardly believe that some of these young men who have made their application to be taken into the air force are not of the standing necessary for the Canadian air force to-day. So far as they know, they were discharged A-1 physically. They have a splendid active war record. No

explanation is given to them as to why they were turned down. They are simply told that their applications had been declined. I should certainly like to know the standard of qualifications necessary for an ex-officer of the Canadian air force in order that he may re-enlist in the air force which now requires approximately 2,000 additional men to fill the ranks. I think it is an awful slap in the face to young men who served their country during the war to tell them that they cannot come up to the standards which are required to re-enlist, when they are young men who were in a force of which Canada was so proud during the war. I know these men. They were not discharged physically unfit. I have seen their names mentioned in dispatches. I have seen the number of active flights, and active bombing expeditions that they took over Germany. They have matriculated. They have served in the ranks as officers and they have been mentioned in dispatches. They have made many flights over Germany. There are still 2,000 vacancies to fill, and these young men are the kind of men who are capable of filling them. What requirements must they have?

Mr. ARCHIBALD: I should like to ask a question with regard to the permanent force men who contribute to a pension scheme. I have had some of them approach me and tell me that if they want to take their discharge they would lose all that they have put into the pension fund. Has it been arranged that they can get their money out on discharge?

Mr. GIBSON (Hamilton West): Under the new act which has been passed, those who retire get a bonus for the number of years that they have served. Previously they did not get anything if they retired before they had completed their twenty years; that is, if they retired of their own volition, but now they get a bonus for each year's service repaid to them on retirement.

Mr. ARCHIBALD: Would that bonus amount to the amount that they had paid into the pension scheme?

Mr. GIBSON (Hamilton West): It is considerably in excess of what they paid in.

Mr. SINCLAIR (Vancouver North): I do not think the remarks of the hon. member for Simcoe North should pass without some comment on them. Obviously the air force is going to consist of a great number of these excellent operational aircrew, but our air force must be a continuous service. That is why the air force is enlisting these young ground crew who had no experience in warfare. It is especially important that the aircrew should be recruited and that there should be ample vacancies for the great mass of young lads of nineteen, twenty, twenty-one and twenty-two who are, without doubt, of the age best fitted for combat duty in the air. That is why the air force is so different from the army and the navy in particular. An army officer who has trained at twenty or twenty-two years of age is useful as a combat officer—and I asked other army men here about this—until he is at least forty-five, and beyond that. In the last war there were naval officers over the age of seventy serving as commodores on convoys on the north Atlantic. The very best years of an aircrew man of any description are the early years of the twenties. If we are to bog down our air force, as was done in the past by enlisting men as aircrew officers in the early twenties and using them for three or four years, teaching them how to be good aircrewmen and holding them in the air force as staff pilots or as ground officers, then our air force cannot be the air force that it should be, a large cadre of highly qualified pilots in the service of the country. That is why I asked this question about short-service commissions, because the foundation of the R.A.F. fighter force, certainly at the beginning of the war, was not so much permanent force, but rather the fact that in England, because of the vision, three or four years at least before the war, Lord Trenchard, the air chief marshal at that time, recruited the very cream of the young men of England out of the universities and public schools on the short-term commissions of three, five and seven years. They made them into skilled pilots. If the war had come during that time they would have had those men. Then they were returned to civilian life. When war did come they were returned easily.

That is why I have asked the minister what sort of gratuities were to be paid. If you ask a young man of nineteen, twenty or twenty-one years to join the air force, not as a career but as a short-service commission of five years, so that he may qualify himself technically to be part of a first-class aircrew, then that man will leave the air force at the age of twenty-six. The minister said that ten per cent of them will be kept. That means that ninety per cent of aircrew boys will leave the service at the age of twenty-six, and they must be taken care of. Men who did not serve their country, or at least have not prepared for service of their country in the same way, have been in civilian occupations getting themselves established for five years. The R.A.F. used to pay £100 gratuity for each year of service. This has recently been increased to £150, or $750. I would recommend to the government

that, if they are to attract the best boys at the ages of nineteen, twenty or twenty-one into the air force, as short-term officers for aircrew they must give them some assurance that, when they leave at the ages of twenty-five or twenty-six, they will have sufficient cash in hand to establish themselves in civilian occupations. If that is not done the department will not get the type of young men they want. This is one case where it would certainly be very cheap economy to be niggardly, not so much in what is being paid to them, but in connection with the gratuities which they will have at the end of their service.

Mr. FERGUSON: The young men I am referring to are now at the age of twenty-one or twenty-two, and apparently they had sufficient training to fly aircraft during the war. We still should be able to use their capabilities in training. I certainly agree with the hon. member for Vancouver North that the inducement of $100, on retirement, for each year served, is far from adequate to induce any young, red-blooded boy to join the flying force. He should have something to compensate him for his excellent service, and a necessary service to the country in these days. The condition in this country, and the condition throughout the world at the present time is one which should encourage young men of the right calibre to go into our flying corps. We do not know when we shall need them, any more than we did in the latter part of 1939.

Mr. MASSEY: I was discussing the matter of recruiting and, although we got away from the subject for a while, we are back on it again. I certainly subscribe to what was said by the hon. member for Vancouver North in regard to the attraction that should be developed for the recruit. In the first place, the minister will realize that the type of lad he is after is the type of lad who is the cream of the crop; he must be. If he comes into the R.C.A.F. at the age of eighteen, nineteen or twenty, he will be leaving it on short-term commission when he is twenty-four, twenty-five or twenty-six. Those five years are pretty valuable years. We hope he will not be required for combat duty. If he is not, and he is retired, he has given in the service of his country, just as if it were at war, those valuable years. We can therefore afford to compensate him, and compensate him well. But he wants to know what that compensation will be.

I should like to say to the minister, with all the earnestness of which I am capable, that the more definite the information can be that will be given to the public at large, the more rapid his recruiting will be. One of the great difficulties up to the present time—and I am quite sure the minister will understand what I mean by "present"—has been that there have been a few feeble advertisements. I have seen them. They are small and, if the minister will forgive my saying so, they are not attractive. I say that as a former advertising man. They bring the name of the Royal Canadian Air Force to the attention of those who see it, but they are not particularly original, nor are they particularly good. Furthermore, they say very little.

In other words, the lad may be attracted by the advertising, and it may set him thinking. But it does not send him to a recruiting officer, saying, "I want to enlist." It sends him out to get further information. In other words, the minister relies upon the recruiting officer to sell the young man the idea. He is not sending the young man to the recruiting officer to enlist. In this way the burden is on the recruiting officer, because the lad has to go there first.

I believe there is a story to be told about the Royal Canadian Air Force in peace time, a story which is more attractive than perhaps many of the lads realize to-day. I believe the plans the minister placed before the committee this evening are good plans. But are they definite? Who knows them? If you are to recruit during a war, that is one thing. If you are to recruit during peace time, that is another thing. The minister is in a position of—and I use the word in quotation marks—"selling" the Royal Canadian Air Force. He has the grandest air service in the world to sell, and it can be sold. But I feel definitely that a clear statement must be made in regard to what the lad's position will be when his training will start and, if he is going to enlist for aircrew, when his air training will start. He wants to know that. I realize the difficulty in the way of coming to that definite decision. But on the other hand, before we get either the quality that we want, let alone the quantity, that story will have to be told. So I urge upon the minister, with all the earnestness of which I am capable, that the story be told quickly. I am quite sure his 400 or 450 a month will increase rapidly.

While I am on my feet, I shall mention another matter. As the minister is probably aware, I can speak only for one release centre, namely No. 4 release centre. At that centre there were attached to the staff some eighteen officers as liaison officers, working in connection with employers. Those eighteen officers circulated through that portion of Ontario into which the releasees from No. 4 release centre went. The results of those contacts were good. If they did not already have it, employers were given a copy of the employers'

guide, which was an excellent publication. It was explained to them in some detail by the visiting officer. Further, the employer was chatted with in regard to his treatment of returned personnel. The net result was that the national employment service were definitely interested in the work we were doing, and finally there were attached to the national employment service two officers on the permanent detachment to work in conjunction with that office.

I know from first-hand information and first-hand contact that the results of having these two officers in the national employment service office in Toronto were most beneficial, since many of the ex-service men seeking employment felt much freer talking to someone in uniform who spoke their language than they did to a civilian who was simply there to see about their possible future jobs. Has the minister given any consideration to extending that particular service to other employment centres in Canada?

Mr. GIBSON (Hamilton West): That is not a matter which comes within the air force, that is under the Department of Labour, and anything like that would have to be arranged by that department.

Item stands.

Progress reported.

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

Tuesday August 27, 1946

The house met at eleven o'clock.

UNITED NATIONS

MEETING OF GENERAL ASSEMBLY IN NEW YORK—CANADIAN DELEGATION

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): Mr. Speaker, as the house has already been informed, the second part of the first session of the general assembly of the united nations has been summoned to open in New York on September 23. Under the charter, member states are entitled to be represented in the general assembly by five delegates. The assembly will have before it a long and complicated agenda, and this will necessitate the appointment of a fairly large Canadian delegation. I am now able to inform the house of those who have been invited to serve as delegates and as alternate delegates. The names of the advisers will be announced later.

The five delegates will be myself, as chairman of the delegation; the Secretary of State (Mr. Martin), and the minister without portfolio, Senator Robertson. I am happy to say that the leaders of the Progressive Conservative party and of the C.C.F., the hon. members for Neepawa (Mr. Bracken) and Rosetown-Biggar (Mr. Coldwell), have also accepted the invitation to serve as delegates.

The following gentlemen have been invited to serve as alternate delegates: The leader of the opposition in the senate, Hon. J. T. Haig; the hon. member for Ottawa West (Mr. McIlraith), who is the parliamentary assistant to the Minister of Reconstruction and Supply; together with, from the public service, Mr. Hume Wrong, the Associate Under-Secretary of State for External Affairs; Mr. M. W. Mackenzie, Deputy Minister of Trade and Commerce, and Mr. H. L. Keenleyside, Canadian Ambassador to Mexico.

The advisers to the delegation will be selected from those in the public service with special competence in the matters that are expected to come before the assembly.

SOAP

INQUIRY AS TO ACTION TO RELIEVE SHORTAGE

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): Mr. Speaker, I should like to ask a question of the parliamentary assistant to the Minister of Finance. In view of the fact that right across Canada the housewife cannot buy a cake of soap to-day for her laundry work, what is the government going to do about it? It is a serious problem—

Mr. SPEAKER: Order. The hon. member knows that his question should be brief and to the point.

Mr. FRASER: Will the parliamentary assistant answer my question? It is a serious problem.

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, it would require a fairly lengthy statement to answer the hon. gentleman's question, and I think it should be placed on the order paper.

Mr. GRAYDON: Cleanliness is next to godliness, you know.

Mr. FRASER: This is a very serious matter, Mr. Speaker, and I think the parliamentary assistant ought to give an answer to-day.

Mr. SPEAKER: Order. The hon. member knows that the minister, or his parliamentary assistant is not obliged to answer a question.

Mr. GRAYDON: This soap crisis surely is urgent enough to call for a reply.

Mr. FRASER: The whole thing is "no soap" with the government.

Mr. SPEAKER: Order. I would ask the members to be quiet and patient. I do not think the session will last very long.

CANADIAN BROADCASTING CORPORATION

LABOUR PROGRESSIVE PARTY—RADIO TALKS OVER THE NATIONAL NETWORK

On the orders of the day:

Mr. MAXIME RAYMOND (Beauharnois-Laprairie (Translation): Mr. Speaker, I should like to address a question to the Right Hon. Minister of Justice (Mr. St. Laurent). According to press reports, Tim Buck, leader of the Labour Progressive party, and Guy Caron, another well-known communist, are scheduled to talk to-morrow evening over the C.B.C. In view of the findings of the report on espionage activities and the charges levelled against the Labour Progressive party, is it the minister's intention to intervene and prevent this communist propaganda over the C.B.C.?

Right Hon. L. S. ST. LAURENT (Minister of Justice) (Text): The hon. member asks if the Minister of Justice is going to intervene to prevent certain people from speaking over the Canadian Broadcasting Corporation. I must say to the hon. member that the Minister of Justice has no right to do that under the statute which governs the Canadian Broadcasting Corporation and which was passed by this parliament. There is before parliament at the present time a bill to amend that statute. If parliament deals with that bill it will be the privilege of any hon. member to propose any amendment that he sees fit to that bill to give other controls over the broadcasting facilities than those which are provided in accordance with the statute. Until that is done the Minister of Justice has no greater right to give direction to the Canadian Broadcasting Corporation than has the hon. member for Beauharnois-Laprairie (Mr. Raymond).

SUPPLY

DISCONTINUANCE OF MILK SUBSIDY—STATEMENT OF MR. KNOWLES—AMENDMENT, MR. NICHOLSON

Right Hon. L. S. ST. LAURENT (Minister of Justice) moved that the house go into committee of supply.

[Mr. Speaker.]

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, before you leave the chair there is a matter I should like to draw to the attention of the house, and a request I should like to make to the government on behalf of the constituents whom I have the honour to represent. The fact is that the people of Winnipeg North Centre are not alone in their concern about this matter. I refer to announcement which has been made by the government to the effect that the milk subsidy is to be removed, with the result that an increase in the price of milk to consumers may take place very shortly.

It is well-established that one of the most nutritious foods needed by our people is milk.

Mr. REID: And still the cheapest.

Mr. KNOWLES: Canada's food rules as approved by the council of nutrition in 1944, contained in a report on nutrition and the production and distribution of food published this year under the authority of the minister of national health and welfare (Mr. Claxton), lists the desirability of a sufficient quantity of milk as the first of these food rules. Accordingly, the possibility of an increase in the price of milk to 14, 14½ or 15 cents a quart is a matter of very serious concern to all Canadian people. It is of particular concern to urban dwellers in a constituency such as mine.

The matter is not only of concern to the consumer; it is also of concern to the producer. A person engaged in the production of so vital a commodity as milk certainly should have his return from that effort guaranteed, and he should not be subject to losses such as are bound to result if the price of milk goes up and the purchase of milk is therefore reduced. I was interested in reading in the Toronto *Globe and Mail* this morning a news dispatch from Ottawa which reads in part as follows: it is under the by-line of Kenneth Cragg:

> Ottawa, August 26.—Government decision, announced to parliament last Thursday, not to continue producer subsidies on whole milk after October 1, was taken contrary to the recommendation of agriculture minister Gardiner.
>
> Mr. Gardiner, it was learned to-day, when he left for Europe, left behind for his colleagues advice for a compromise on subsidy policy, in view of labour's wage demands and the government's determination to support price control.

The article goes on to suggest that, although the Minister of Agriculture is not rated as an authority on finance or labour, he had something very strong to say about this matter in relation to prices:

He argued that an increase now in milk price, which affects the consumer faster than an increase in almost any other food product, would be the worst possible timing.

I am not going to take time at the moment to comment on this division in the cabinet, similar to some other divisions which we have noted of late, but I do suggest that in this instance the minister is right in protesting against any change in policy which results in an increase in the price of milk.

I could go on, but the case is so strong that it is not necessary to add to it. I simply rise to register my strongest protest at this move being taken at this time, and I earnestly hope that the government will reconsider its policy and see to it that the price of milk does not go up any further; in fact in my view it should be restored to the ten cent ceiling that we had during the course of the war.

Mr. WILLIAM BRYCE (Selkirk): Mr. Speaker, having been a milk producer for twenty-five years I feel I should say something on this matter, because the situation which is facing Canada to-day is a serious one. We have had an increase of four cents in six months. The consumer subsidy of two cents has been removed, which means that the consumer has to pay 12 or 12½ cents, according to the city he lives in; and now, if the producer subsidy is taken off, as the government intends to do on October 1, the man who is getting his milk for ten cents will have to pay 14½ or 15 cents. I suggested in the house some considerable time ago that if the government had done this sort of thing to half the extent, that is if it had taken one cent off, it would have been better. We all know that these subsidies have to come off, and we have to get back to a pre-war basis. But on the one hand the government refuses to give increased wages to the man who is going to purchase the milk, and on the other hand the cost of producing milk is going up by leaps and bounds.

Mr. REID: What about the family allowances?

Mr. BRYCE: My hon. friend will make his speech after I have done, and I shall be delighted to listen to him.

Mr. REID: Will you? Thanks.

Mr. BRYCE: In answer to the hon. member for New Westminster (Mr. Reid) I might tell him that we had family allowances when we were getting these subsidies.

Mr. REID: Only for one year.

Mr. BRYCE: Until such time as we get back to normal conditions these things will have to be looked after, and if they are not looked after by the government, who is going to look after them?

To-day the cost of producing milk is going up. People who have followed that occupation all their lives just cannot make ends meet, because men are getting wages on the farms such as they never got before. Those increased wages have to be paid, because men can get fine jobs in industry to-day, where they do not have to work fourteen hours a day, as they do on the farm, so the farmer has to pay them high wages to get them to produce milk.

There is a scarcity of fodder in the western provinces. That may seem unbelievable, but it is true. I have been out there and have seen the condition myself. If the fifty-five cents producer subsidy is taken off, the price of milk will rise to 14½ cents. I think the government acted very unfairly in this matter. The war-time prices and trade board set the price of milk during the war, and now that the war is over and we are getting back to normal they throw the whole thing into the lap of the provincial milk boards. I asked the Minister of Agriculture a question about this, and he told me that they wanted it that way. I do not know whether it is so, but certainly the situation is a serious one and the government must face it. They have either to reinstate a part of these subsidies or make some other arrangement. As I have said before, milk is not only a drink; it is also a food, and if we want to build a healthy Canada we must see to it that the people get milk. In the Winnipeg area there are 1,000 shippers sending in milk now, whereas before the war there were only 600. The reason is that the big fellows are going out of business and it is only the man who is producing two or three cans of milk a day, who is able to exploit his children by getting them to milk the cows before they go to school and when they come home in the evening, who is producing milk. We shall never have a healthy situation so long as the milk producers are not enabled to stand on their feet.

I do not wish to take up a lot of time but I appeal to the member of the government, whoever it is that represents the Minister of Agriculture, and also to the parliamentary assistant to the Minister of Finance, to do something about this and do it right away because, as I say, the situation is serious.

Mr. R. R. KNIGHT (Saskatoon City): I am prompted to say a word or two on this subject by an editorial which appeared in my local

newspaper a couple of days ago, recapitulating the demands of the people of my particular city for the continuance of the milk subsidies. I do not think it is necessary for me to say, nor does anyone else need to say, that milk is a highly nutritious food, and it is important that there should be an adequate supply of it, particularly at this time when our children are returning to school. The ration of this commodity should not be reduced.

Some time ago I appealed through the parliamentary assistant to the Minister of Finance, and through him to the wartime prices and trade board, for a permit for a certain organization in my home town of Saskatoon. It is a newly organized cooperative store which has been in operation seven or eight months and in that time it has accumulated to itself seven or eight hundred families as customers. I appealed to the minister to try to get a quota of canned milk for that cooperative store. I do not think that the distribution of quotas for canned milk in Saskatoon is at the moment equitable, because this particular cooperative cannot get a tin of canned milk. I know there are reasons for that, but in the light of what has happened now, and in view of the fact that the subsidy is to be withdrawn, I would ask the minister if he thinks it is right that these people, who cannot procure canned milk, are also to be denied a supply of fresh milk because of the increased price in the commodity itself.

Mr. T. J. BENTLEY (Swift Current): I know that everyone wants to go home, but I must tell the house that every member here is precisely in my position—elected to do a certain job for his constituents and for the people of Canada. I will not discuss the question of a milk subsidy either as a producer of milk, because I am not one, or as a large consumer, since my family is grown up; but I will speak from information given me by a very important Canadian organization, the local council of women, the members of which make a particular job of studying the needs of less fortunate people in their communities. They are earnest, sincere citizens. I will not take time to put on the record a number of letters I have received from various councils of this organization but I would say that they are earnestly, desperately and sincerely concerned over the welfare of the children of the larger and less fortunate families in the areas from which they write me.

The government would be well advised to reconsider the whole matter and to continue the subsidies until the transition from wartime and semi-inflation or complete inflation, or whatever it is we have at the present time, is completed and things are properly organized. There are many children who will not have their full ration of milk this winter if the subsidy is taken off now. I am not trying to be critical. I know the trouble the government is having. I know the members of the government are doing the best they can in the light of the information they have and from their view of the situation, but I do believe they would do well to give the matter further consideration and continue the subsidies until such time as plentiful supplies of milk are on the market. If they do not, I know something of the producer and of milk production, and I know, as the hon. member for Selkirk says, that a great many people now in the business of producing milk will gradually get rid of their dairy herds, or some of them, reduce them to the point where they can handle the business with family labour. If they have to buy a lot of feed from outside, and hire outside labour, undoubtedly they will feel that the game is not worth all the work and expense and risk involved, and they will reduce their herds to the point where the risk is lowest and where they can handle the business with available labour in the family. In that event supplies of milk will be less than they are at the present time.

Mr. J. S. SINNOTT (Springfield): I concur entirely in what the other speakers have said in this regard. Three weeks or a month ago I wrote to the Minister of Finance and the Minister of Agriculture asking them to continue the subsidies. I am like these other gentlemen in that I was brought up on a farm and I know what the milk producers have to go through in producing milk. At the present time, with the clamour for high wages, it is impossible for the farmers to produce milk more cheaply than they are doing it now. Not only is the welfare of our children at stake; the welfare of the future population of Canada is involved if we do not provide the people now with the nutrition they need. I would therefore urge the government to reconsider their decision, if they have decided not to continue the subsidy because this is no time to have our children go without this valuable food.

There are very few members of this house, I would say there are no more than forty, who know what a farmer has to go through in order to produce milk, and if the majority of hon. members apart from those forty were on farms trying to produce milk themselves they would understand the difficulties of the dairy farmer. Again I urge the government to reconsider the decision.

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance): I will not attempt to answer the various arguments that have been advanced. In a matter of a day or two the estimates of the wartime prices and trade board will be up for discussion and there will be no reason why this question could not be discussed at that time, when I can make necessary answers. In the meantime I will point out that the handling of milk has been turned back to the milk boards of the provinces, and whether they want an increase or not is something that is up to them.

Mr. A. M. NICHOLSON (Mackenzie): I wish to congratulate the hon. member for Springfield (Mr. Sinnott) on the contribution which he has made to this important discussion. The views which he has expressed represent the opinions of hon. members in all sections of the house. The statement made by the parliamentary assistant to the Minister of Finance (Mr. Mayhew) is not very helpful. If we are to continue the wartime prices and trade board it is important that subsidies in connection with the production of milk be maintained. If something is not done in the next six months there will be an increase in that six months period of from ten to fifteen cents a quart in some parts of Canada. It is obvious that with the general increase in the cost of living, old age pensioners and people in the lower income brackets will find it impossible to obtain a sufficient quantity of milk at the high prices.

There has been little criticism of the subsidy policy carried out by the government during the war. This is no field in which the wartime prices and trade board should retreat and throw the matter back on the lap of the provincial authorities. Therefore I move, seconded by the hon. member for Yorkton:

That all the words after the word "that" to the end of the question be left out and the following substituted therefor:

"This house desires to record its opinion that consideration should be given to the continuance of the milk subsidy so as to ensure adequate return to milk producers and make possible the consumption of milk for the nutrition of the Canadian people without any further increase in the price thereof to the consumers."

I should like to draw Your Honour's attention to the decisions of former Speakers as recorded in Beauchesne's Parliamentary Rules and Forms at page 529. In 1912 the Hon. James S. Sproule ruled that:

Private members may introduce resolutions which do not directly involve the expenditure of public money but simply express an abstract opinion on a matter which may necessitate a future grant.

Then in a relative paragraph on the next page we find the following:

As this is a question not always understood, it may be explained that such resolutions, being framed in general terms, do not bind the house to future legislation on the subject, and are merely intended to point out to the government the importance and necessity of such expenditure.

Mr. WILLIAM IRVINE (Cariboo): This milk question is of great interest to the house and Canada. The government could very well shorten the discussion by themselves giving us a little milk in the form of a word as to what their intentions are. The government have been particularly silent on the question. The people of the country who may have to suffer because of the lack of subsidy would not mind doing so if there was good reason for it. If the government have a good reason for doing this, let them say so now and we should all be ready to listen to reason.

That is all I wish to say. There is no use labouring the point, but we ought to have some real reply from the government as to why they still persist in the policy of withdrawing subsidies.

Mr. G. A. CRUICKSHANK (Fraser Valley): I do not want to take up much time; I want to say something but I still want to go home. Therefore I say that I concur in the remarks which have been made so far.

Mr. SOLON E. LOW (Peace River): I favour the amendment proposed by the hon. member for Mackenzie (Mr. Nicholson). Having been a dairyman myself I know something of the difficulties of dairymen; I know something about the cost of production and the difficulties which people have in obtaining sufficient milk for the proper nutrition of their families. It is significant to note that prior to the introduction of the federal subsidies on milk, distribution in Ontario never did reach more than about 600,000 quarts a day. After the introduction of dominion subsidies, in Ontario the distribution of milk reached more than a million quarts a day, which is ample evidence that the subsidy resulted in bringing up the nutritional standards of the people, particularly of this province. I should say that was the general pattern of the effect in other provinces. I am in favour of the amendment, and would urge the government most strongly to continue the subsidy on milk.

Mr. J. H. BLACKMORE (Lethbridge): The moment that this resolution was put before the house I fancy that what went through the minds of the members of the government was, we cannot find money; we cannot afford

this thing. Either the government has meant what it has been saying during the last few years about the new order, or it has not. Here is a right good chance for the government to show whether or not it was deliberately deceiving the people, or whether it really meant what it said.

There is only one way in which the price of goods can be kept from rising, and that is by means of subsidy. At the present time we are in the midst of grave industrial unrest. Everyone knows that one of the major causes of that unrest is a rise in the price of living. Here is another measure proposed by the government which will increase the cost of living. How can we possibly conceive that we shall do away with the industrial unrest in the country when we adopt the very measures which are calculated to bring on industrial unrest?

The government will say, we cannot find the money for a milk subsidy. The government must find the money. The government will say, we cannot tax the people any more. They do not need to tax the people any more. The government will say, we do not want to go into debt any further. They do not need to go into debt any further. I simply say that if the government will take a realistic attitude toward the whole situation of the Canadian economy it will discover how it can keep down the cost of living without increasing taxation and debt. May I warn the government that if it does not adopt a streamlined modern method of dealing with the economic situation in Canada, it is leading the country into disaster, and leading it fast.

I heartily support the amendment made by the hon. member for Mackenzie (Mr. Nicholson). I would say a good deal more if the time were appropriate.

Mr. G. H. CASTLEDEN (Yorkton): In supporting the motion I wish to say that the government is ill-advised to take the subsidy off milk, particularly in view of the support which the Canadian people have given to the whole policy of price stabilization. The milk producers of Canada can present facts and figures to prove that even with the fifty-five cent subsidy on a hundred pounds of milk they cannot make money because they are not meeting their cost of production. In fact a demand will be made on the government for an increase in the subsidy. To take it off will place the producers in such a position that milk production will fall off tremendously. The scarcity of milk will increase the price to the consumer. The people in the cities who buy milk will find that the increase of two cents in the price, which in some places will bring it up to fifteen cents a quart, will result in the workers taking the view: What is the use of trying to help the government in maintaining stabilization? What chance is there for us to prevent an increase in the cost of living and the spiral of inflation? The people who have to buy milk for their children, the people who are living on fixed incomes, will find this a terrific hardship, and it will have a detrimental effect upon the economy of Canada and the welfare of the people.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I would just say a word to urge the government to accept this motion, because the present conditions affecting the production and distribution of milk are of vital importance to the people of Canada. Statements have been made in the press and elsewhere to the effect that if the price of milk goes up, people will not be consuming the quantity of milk they have been consuming during the last five or six years. This will mean that milk production on the farm will be curtailed and less work will be available in rural areas. People who ordinarily work on the farm will flock to the cities, creating a situation such as we had during the depression.

The idea of subsidies is a reasonable one. It is a method of using the taxing power of the country to distribute income, thus increasing production and equalizing the opportunities for consumption. I would urge the government to accept this motion and give consideration to the matter involved.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I have just one word to say—I am in favour of this motion. As it comes from the opposition, I think it is our duty to demand results from the government. Although our duty may end with demanding results, it is sometimes wise to make suggestions as to how results can be achieved. I am not going to offer any suggestions, because they have been made time and time again from this corner of the house. The hon. member for Lethbridge (Mr. Blackmore) has said some mighty things in a few words. If the government cannot do it, if they find that their policy is such that they cannot possibly do it, then the country should know.

I suggest to the government that here is one opportunity of their taking the proposals which have been made over a number of years by the Social Credit group and demonstrating whether or not they are sound. The government do not have to use our proposals to run the economy of the country; all I am suggesting is that in connection with this one

thing, the matter of milk subsidies, they take the proposals we have made over the years. Surely that is not going to upset the whole economy of the country; it is dealing with just one commodity. They should try it, if only as an experiment to see if it will not work. They are challenged to do it; we are demanding results and we suggest that this is the way to do it. I am in favour of the amendment.

Mr. H. W. HERRIDGE (Kootenay West): Mr. Speaker, I rise to express my support of this amendment by simply saying this. Surely a government which can vote over $21,000,000 for munitions and arms this year can find a few millions for milk.

Mr. GILLIS: Tell them about the judges' salaries.

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): Mr. Speaker, I appreciate the feeling of a number of hon. members in regard to this matter, but I am not sure that the mover of the motion (Mr. Nicholson) wishes to do what the motion implies. The acceptance of this motion would prevent the house from going into supply, and I do not think that that is what the hon. member has in mind. I do not think anyone in the house wishes to take that attitude at this moment. I believe what the hon. member wishes to get is an expression of opinion from this house as to the carrying out of a policy which was announced last May. The motion asks that the house record its opinion as to whether consideration should be given to the continuance of the milk subsidy. Whether or not the motion passes, consideration certainly would be given to the continuance of the policy, because consideration is given from day to day to the economy of the nation.

At the present time there are factors in the national economy which were not present last May and which were not present a couple of weeks ago. A serious effort was being made to reconvert from a wartime to a peacetime economy, and it was felt that some day this policy of maintaining prices by government subsidies would have to be abandoned. Last spring it was felt that with respect to the milk subsidy the proper time to do it, in a manner that would not be charged as unfair or almost dishonest to the producer was not to cease paying the subsidy at the time milk was most plentiful. It would not have been fair to take off the subsidy at the beginning of a period when the producers were going to have large quantities of milk to which the subsidy would apply. It was thought proper to make an announcement at that time that the consumer subsidy would be removed at once and that the producer subsidy would be removed at the end of the pasture season.

Up to a relatively short time ago the reconversion of the Canadian economy was proceeding in a manner which was looked upon as being fairly satisfactory, but for some reason or other in recent weeks there has been what appears to be a change in the views of a substantial portion of the Canadian people. I refer to certain sections of organized labour. I do not think anyone will dispute the assertion that the only way to maintain our economy on a sound basis is by abundant production. Some sections of organized labour seem to have felt that the way for them to get what they believe they are entitled to is to stop production and hold up the economy of the nation until such time as they can make everybody agree that their share should be such and so. I think that is a most unfortunate development. I think it is a development not only which is harmful to the rest of the Canadian people but which constitutes a short-sighted policy for those sections of organized labour to follow. It has created a difficult position; it has put great pressure upon the price ceilings, and has made it much more difficult to proceed toward a stabilized peacetime economy. These facts are facts which are considered almost every twenty-four hours every day by the government, and would be considered whatever was the government in power. Those who become ministers of the crown are at least of average intelligence, average honesty and average Canadian patriotism. Whatever the label of the party to which they belong, I am convinced that when times get tough they do their best to serve their country honestly and efficiently. And that requires them to do what this motion asks to have done.

I do not think it requires a vote in the House of Commons to make us realize that not only the house but the country expects us to give consideration constantly to all these measures. That being so, and it being the fact that if the motion carries in this way we would not go into supply at this time, I think the motion might without harm be withdrawn. If it is not withdrawn I think it should be modified in such a way as to state that the house does not object to going into supply, but in doing so wishes to express a certain opinion about this subsidy.

Mr. COLDWELL: Will the minister as leader of the government give the assurance that this matter will be considered anew, not

as a matter of day-to-day routine? Will he assure us that it will be considered specially and anew?

Mr. ST. LAURENT: I can give the house the assurance that before October 1 which, I understand, is the date which was announced on May 16, new consideration will be given to what may appear to be in the best interests of the Canadian public generally with respect to this milk subsidy. It cannot be paid without placing a burden on the general body of the population; and consideration will be given as to whether under present conditions it appears desirable to promote the speediest possible return to normal conditions to continue for a time the payment of that subsidy.

Mr. BLACKMORE: Will the minister give the house the undertaking that, while careful consideration is being given anew to this whole question as to the advisibility of continuing the milk subsidy, there will be brought to the attention of the cabinet these three questions:

1. Is it proposed that we shall discontinue this milk subsidy because a subsidy in itself is unsound?

2. Is it proposed that we shall discontinue this milk subsidy because we cannot afford it—that is, because we cannot find the money?

3. Is it proposed that we shall discontinue this milk subsidy because the Canadian economy cannot produce enough goods to enable that Canadian economy to provide Canadian milk producers with what they ought to have?

Mr. SPEAKER: Order.

Mr. ST. LAURENT: I cannot give any undertaking whatsoever that the government will seriously consider adopting the policies of social credit. I will give an undertaking that the matter will be considered, but no undertaking as to what will be the mental processes of those engaged in that consideration.

Mr. BLACKMORE: Will the government consider the question from the point of view of using plain, common horse sense?

Mr. ST. LAURENT: Under those conditions, and because I believe there is an honest desire on the part of all hon. members to proceed with supply, would it not be possible to have this motion withdrawn, and for hon. members to trust to the impression they have made upon the house, the country and the government as a result of what has been said this morning?

[Mr. Coldwell.]

Mr. BRYCE: I should like to draw the attention of the minister—

Mr. SPEAKER: The hon. member has spoken once.

Mr. IRVINE: He is speaking to the amendment.

Mr. BRYCE: I am now speaking to the amendment; I spoke to the motion before.

Mr. SPEAKER: Then I give the floor to the leader of the opposition.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, the motion before the house is to go into committee of supply. The amendment, which I believe is a proper one, is that consideration be given to the continuance of the milk subsidy, which the government has announced it is withdrawing.

What is the position at the present time? This amendment is in order, or it is not. I suggest respectfully that however much the government may dislike it, it is in order. Being in order it must be dealt with and a vote taken, or withdrawn.

What are the merits of the proposal? In the early days of the war the government came along and said, "We are going to take certain steps to control our economy." Among other things the government said, "We are going to pay a subsidy of two cents on the cost to consumers of their milk, and to producers 55 cents per 100 pounds." When the first of these proposals was made, the danger we are facing to-day was pointed out by the producers of Canada. The impression it left with Canadian consumers was that they were getting milk for ten cents a quart or thereabouts. As a matter of fact is was costing twelve cents, the extra two cents being paid by the government and charged back to the taxpayers as a whole. But the impression was left with the consumers that they were getting cheap milk.

Now with these subsidies withdrawn there is the impression going around that the cost of milk is going up, that the farmers are thereby deriving some benefit, and the consumers having to pay more. Unfortunately that situation has arisen at the very time when farmers' costs are going up, and when the country finds itself embroiled in strikes and industrial unrest of one kind or another.

This question resolves itself down to this: What is the government's policy? If the government says now that it is going to remove these subsidies. I do not see how hon. members who have moved this amendment can withdraw it. What is the price of con-

tinuing with the amendment, in the event of its being carried? In the first instance we may be delayed for forty-eight hours before we can go into supply again. That of course is only a detail, on a question that merits consideration. With all respect I suggest that the house can get over this impasse and continue its work—if the government is disposed to do it—if the government will undertake to say within the next short period of time whether it intends to persist in withdrawing these subsidies. If it is, there is nothing that can prevent the opposition from taking the stand it is taking in pressing for a vote.

The question is very simple. It is just this. Is the government going to say now, after four or five years of these subsidies, that it is going to make consumers pay the whole cost of the milk, or is it going to continue to take out of the consolidated revenue fund several million dollars to pay two cents on the cost of each quart of milk. I do not remember just what the subsidies to the dairy industry amounted to, but speaking wholly from memory I think they were around $20,000,000. There is not a man in this country but recognizes that milk production to-day costs more now than it did in the past. And yet these subsidies to the producer and to the consumer are being removed, with the result that the consumer will have to pay more and the producer who needs more will get less.

The government, having a majority in this house and being the government, has the opportunity now of saying whether it will continue its policy or whether it will not. At the moment I am not saying which is right; I am not arguing the merits of the policy at the moment, but I must say that this difficult situation, the government has invited by its policies.

There seems to be a desire to avoid a vote, but I do not see any way of doing it, other than for the government to say: We have heard these representations, and we will consider them and we will let the house know in a short time whether there is to be any change in our policy. If the government is not disposed to say that I do not see how the opposition can agree to withdrawing the amendment.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I had not intended to take part in this discussion, and would not be doing so were it not for the fact that the Acting Prime Minister (Mr. St. Laurent) in a few well chosen words attempted to unload the present unrest in our whole Canadian economy on one section of society, the industrial workers, who by being on strike and so forth, were responsible, according to the minister, for everything untoward that was happening.

I think this amendment should be voted on. The mere promise of the government to consider this matter should not be good enough. I think most of the members of this house have got in the habit of thinking in terms of getting home. We are dragging along to the end of the session, but what it is important for us in this house to remember is that things at home are not so good, and the most serious business in front of the members of the House of Commons now is to consider resetting the economy of this country, no matter how long we may have to sit here. I think earnest and serious consideration should be given to that.

Mr. BLACKMORE: Even if it takes Social Credit to do it.

Mr. GILLIS: That is right. The government is very heavily committed to the principle of subsidies now. I would point out to the Acting Prime Minister that the government removed the fifty cents duty on the imports of coal. That was a subsidy to that industry. Then there is a seventy-five cents drawback on all coal imported for metallurgical purposes. That is a subsidy to that industry, which is still being paid. The Minister of Reconstruction and Supply (Mr. Howe) pointed out last night that the government had spent around $8,000,000 in coal production subsidies in the maritimes. That is a very heavy subsidy.

The hon. member for New Westminster (Mr. Reid) suggested that the family allowance was paid to offset the increase in the price of milk. But if you are paying the family allowance based on living standards as they were at the time it was introduced in order to enable the children to have clothes and shoes so that they may go to school, clothes and shoes which they did not have in the 1930's, you are taking it back from them when you allow increased prices on the essentials which the children need. If that be so, the gesture on the part of the government in instituting the family allowance will require considerable examination as to the motives behind it. I would not be so harsh as to suggest that it was done on the eve of an election because it was a popular thing and might get votes. But I think it should be followed through. If there is one thing in this country that should be subsidized it is milk, because that is something which the children of this country sadly lacked until the outbreak of the war.

I think the point made by the hon. member for Lethbridge (Mr. Blackmore) was a very important one. He said that the production of milk in Ontario had doubled under the subsidy. I presume that is true of every province.

I think the house should be asked to vote on this amendment, even if it means that we may not go into supply for twenty-four or forty-eight hours. I think that would be time well spent. This business of just getting a promise is not good enough.

I agree with those that say there should be no curtailment of production in this country. We should be producing to our maximum in every line to-day, because Canada's production is required not only by this country but all over the world.

I would like to leave this thought with the Acting Prime Minister. The workers of this country are not asking for something that is unreasonable. The basic reason for industrial unrest in Canada to-day is that the price ceilings in this country were not maintained and consequently the standard of living of the workers was reduced. This was proven to me pretty conclusively by facts and figures and evidence presented from both sides in the industrial relations committee. It was established that if the increase of fifteen cents an hour asked for was granted it would merely maintain the standards of living for the workers that were established during the war.

Mr. ST. LAURENT: If the hon. member will permit a question, does he not take into account in that calculation the desire to have the same pay for a much smaller number of working hours?

Mr. GILLIS: That is a small factor, but it is a factor. Reducing the hours of work from 48 to 44—

Mr. ST. LAURENT: To 40 and to 37½, as I saw suggested in a dispatch last night.

Mr. GILLIS: There was no evidence to that effect in the industrial relations committee. I also saw that dispatch, but I do not go to the Canadian Press as a source of accurate and definite information. I am talking of a committee set up by this house which sat for five weeks. You can read your Tory press and you will find all kinds of criticism of your government. I read the other press too and get the other side. I like to read in between and get the facts. The facts were given to the committee on industrial relations, and I think I am safe in saying that if the price line had been held, you would not have the industrial unrest you have right across the country to-day.

[Mr. Gillis.]

I have a clipping here from the Ottawa *Journal* of August 26 last. It is a Canadian Press dispatch and reads:

> Dividend payments by Canadian corporations in August were the highest for any corresponding month in years, the total of $11,416,528, as reported to J. R. Timmins & Company, comparing with $9,605,112 for August, 1945, and $9,072,169 for August, 1944.
>
> Cumulative total for the first eight months of the current year of $183,460,569, compared with $170,188,104 for corresponding months of the previous year, and $165,122,527 for similar period of 1944.

All the industrial workers of Canada are asking for at this time is, first, to maintain the standards established during the war, and, second, to get a share of the wealth they produce, as indicated by that statement in the Ottawa *Journal,* and that is not propaganda.

I suggest that some common sense should be applied in the present situation. I do not think we are going to fight our way out of this thing. The time has come when we must think our way out; and as the government is heavily committed in the matter of subsidies—I agree that it is the proper way of redistributing the income of this country, and taxing those who are able to pay in order to do that—the maintenance of this production bonus on milk is essential at this time. You are not going to cure industrial unrest by continuing subsidies to every large corporation in order that it may make profits, while you take it off a very essential commodity, and add to the cost of living, and create more arguments for increases of wages.

I seriously suggest to hon. members that, instead of passing the buck and thinking in terms of getting home, of our own selfish pleasures and interests, we make up our minds to analyse these problems now in the light of their seriousness, and that we register an opinion, as every member should register it, by standing up and being counted, as Mr. Trestrail, the agent of the corporations in this country, suggested to the Canadian people on the eve of the last election. This is where we should show our colours.

We of this group believe that this subsidy should be maintained, and we also believe that every member of this house should record his vote as to whether he believes this or not. This is merely asking for a recorded opinion as to whether we believe in the continuance of these subsidies. I believe we should do it.

Mr. BRYCE: There is just one point to which I wish to direct the attention of the Acting Prime Minister. He pointed out to the house that people are striking and stopping work when production is needed. There are

rumblings in the west indicating that farmers are going to stop producing, and if you take this amendment into account and do something about it you may save that situation.

Mr. VICTOR QUELCH (Acadia): I realize how very difficult it is to maintain production of milk at a high level, and at the same time how essential it is that that production shall be maintained. One reason why it is difficult to maintain a high level of production of milk is that milking cows is one of the most unpopular jobs on the farm. When you hire labour, invariably the man will ask you whether he has to milk cows. If you tell him yes, he will not work for you; with the result that right across Canada to-day in many cases the farmer and his family have to milk cows because the farm hand refuses to do it. Therefore you have a decreased production of milk.

Mr. BLACKMORE: And the farmer has to pay income tax on it.

Mr. QUELCH: You recall that when Doctor Thompson of McGill spoke before the reconstruction committee he stated that in order to maintain a liberal diet in this country it would be necessary to double our production of milk on the basis of the 1939 figures. The policy of subsidies is sound. We did not hesitate to vote hundreds of millions of dollars for subsidies during the war. We have to cut costs in the future. We have to make it possible for people to buy at lower levels in order to cut those costs. The logical way to do it is by subsidizing. The only question involved is that of the financial cost. We did not hesitate to meet that cost during the war. I am not going to discuss how the government may meet it. The government is familiar with the way in which this group would do it. But that is their responsibility; and if they believe in the financial system they are using, it is time they made that financial system work or adopted another one. We are not interested in that question.

Surely if it was necessary to use subsidies to win the war, and if subsidies are necessary to win the peace, then they should be used. Do not forget that if we make the same mistake we did after the last war and lose this peace, we are creating conditions which will make for another war. One of the first essentials of winning the peace is to build up the health of the population, and to build up the health of the population you must have a high level of production of milk.

The Minister of Justice (Mr. St. Laurent) has stated that he thought all that was necessary was for the members of this house to express an opinion on this matter. But the minister knows very well that time and again during this session this house has in no uncertain way expressed an opinion without a vote; and what have the government done? Absolutely disregarded that opinion. I have in mind especially the question of old age pensions. Hon. members have shown clearly time and again that they believe old age pensions should be at a higher level than they are to-day. Did the government act? They have callously disregarded the old people. If we just express an opinion on the question of milk we shall get about as much consideration as we did on the question of old age pensions.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): We have had considerable discussion on this motion. It seems to me that the Acting Prime Minister (Mr. St. Laurent) has given exactly the undertaking which is being asked for in the amendment, and that he has given it as forcibly and sincerely as could possibly be obtained by a vote of the house. Nevertheless the government has no objection to an expression of opinion from the members of the house. I suggest that the vote should be a free expression regardless of party. The various members represent various economies in this country, and an expression of this kind should be the expression of the individual opinion of every hon. member.

The difficulty of obtaining the expression arises from the form of the amendment, which in itself denies the right of the house to move into committee of supply at this time. However, Mr. Speaker, I would call your attention to article 489 of *Beauchesne*, which reads as follows:

> When an amendment has been adopted to the motion for the house to go into committee of supply or of ways and means, it may be forthwith moved that the house resolve itself into such committee immediately or on a future day.

Therefore I should like to serve notice that if this vote carries the government will immediately move that the house go into committee of supply this day. I believe that that procedure is consistent with the rules, and if there can be general agreement on that point the work of the house can be facilitated and the objective of hon. members attained.

I ask hon. members to consider the fact that the question at issue is not quite as simple as has been suggested during this discussion. We have been through a war. We have been through a period when it was necessary at all costs to conserve the economy of the country in a manner which would permit the greatest war effort of the people of Canada. Unusual steps were taken in that period. I have heard complaints that the

government is attempting to put the Canadian people in a straitjacket; to order their daily lives in a manner described, as dictatorial. Well, the method of subsidy is a part of that regimentation of the people, and it is a part which in my opinion should not become usual practice in our normal economy. Hon. members can make an excellent case for certain subsidies, and perhaps other sections of the country can make an excellent case for certain other subsidies; perhaps both can make a case for and against the same subsidy. But I suggest that those who have publicly demanded that the government remove wartime restrictions and wartime restraints on the living of the people should consider carefully before they cast their vote on this issue, since I consider a vote for the amendment to be an expression of opinion on a matter of policy which goes far beyond the subsidy on milk. It will be in effect an expression of the opinion of members of this House of Commons that the subsidy policy of the government should be continued indefinitely. I think it should be regarded in that light. Personally, as a member of the government, I should be glad to get an expression from the individual members of the house of their view of the policy of continuing indefinitely the principle of subsidies, which to-day is costing this country something over $100,000,000 per annum.

Mr. STANLEY KNOWLES (Winnipeg North Centre): I want to commend the Minister of Reconstruction for the suggestion which he has made, which has the effect of providing for a free vote of the members of the house. One other point I wish to make in reply to the Minister of Justice in respect of the appeal he made for the withdrawal of the motion, which appeal is not acceptable to us. I would point out that in this house on August 14 we had a fairly lengthy discussion of the question of milk. It ended with the assurance being given to the house by the Minister of Agriculture that the matter was still under consideration and he used these definite words at page 4799:

> These questions are being discussed this week and will be determined, I assume, in sufficient time to make the announcement long enough before the first of October to acquaint the people with what that situation is.

That was on August 14 of this year when the assurance was given that the matter was still under consideration and would be discussed further. Eight days later, on August 22, we were given the result of that consideration. The parliamentary assistant to the Minister of Finance answered a question which had been asked the previous day by the hon. member for Churchill, and stated clearly that the policy announced by the Minister of Agriculture on May 16 was to be carried out, and then appears this significant question, which was asked by the member for Haldimand (Mr. Senn):

> I understood the Minister of Agriculture to tell the house the other day—

That is a reference back to August 14.

> —that the matter was under advisement, and that a decision had not been reached. Does the parliamentary assistant mean, then, that a decision has been reached, and that there will be no further subsidy on milk?
>
> Hon. Douglas Abbott (Acting Minister of Finance): I will answer that question. The answer is, yes.

We feel therefore that, having had one experience of further consideration being given the matter, and the result of that further consideration being an answer very definitely that there will be no further subsidies on milk, we have no alternative but to ask the house to express itself in the one clear way it can, by voting on the amendment now before the chair.

Mr. J. M. MACDONNELL (Muskoka-Ontario): I may be a particularly stupid man but I find it extremely difficult to know what I am voting on. The Minister of Reconstruction says that what we are voting on is the principle of control.

Mr. HOWE: The principle of subsidies.

Mr. MACDONNELL (Muskoka-Ontario): No. He said it was the whole principle of whether we believed in controls or not. I believe, as I said before, that controls should be removed as fast as possible. On the other hand, if this resolution concerns wholly the question of the production of milk, then that is a very different matter. But if that is the matter, then it seems to me that one is entitled to know a little more about it.

Mr. HOWE: How can you administer subsidies without controls?

Mr. MACDONNELL (Muskoka-Ontario): I made myself clear, I believe. I realize that you cannot administer subsidies without controls. I am not quarrelling with the statement the minister made, but it seems to me that what we are voting on is very complicated.

I wish to say a word with reference to what the Minister of Justice (Mr. St. Laurent) said. He said, and I believe he was right, that in the last few weeks a situation has occurred which might very well cause the government to reach a different conclusion from that which it reached some months ago. I understood what

he meant by that, but I am still, frankly, in a great difficulty. Am I voting—and I am referring to the resolution—merely to express the view that the government should give further consideration to the continuance of the milk subsidy? Is that all I am voting for? And when that vote is carried does it mean that the government merely has an expression of this house that this house wants it to give consideration to the milk subsidy, which the Minister of Justice has said it certainly will do? Is that all that this resolution means? I want to know. I may be stupid in asking the question but I want to know. Does it merely mean that if we pass this resolution this house desires to record its opinion that consideration should be given? And does that mean given by the government, or does it mean that we go on now and then consider it further ourselves and reach a conclusion on it ourselves? Which does it mean? Can you answer me, Mr. Speaker?

Mr. COLDWELL: The rules of the house do not provide that a private member may give to the government a definite instruction which involves an expenditure of money, and consequently the only way in which, under the rules, a resolution could be moved is in the form of this resolution. We take it that if this resolution is passed it will mean that the house, the sovereign body, desires the government to consider favourably—

Some hon. MEMBERS: No.

Mr. COLDWELL: The hon. member for Muskoka-Ontario was right when he asked what was meant by the resolution, and I am trying to tell you what is really meant by the group that moved the amendment. The only way in which we can do it—

Mr. CASSELMAN: You got yourself into trouble.

Mr. COLDWELL: I say, the only way in which we can do it is to ask for consideration of it. We cannot give the government an instruction, but we hope that the government will consider favourably the matter contained in the resolution.

Mr. BRACKEN: Which is the matter of the milk subsidy.

Mr. COLDWELL: Which is the matter of the milk subsidy only.

Mr. MACDONNELL (Muskoka-Ontario): I am grateful to the hon. member for explaining what I am voting on. It is an expression of opinion that the government will give consideration to the continuance of the milk subsidy.

Mr. HOWE: An excellent philosophy as an excuse for speaking one way on the hustings and voting another way in the house.

Mr. MACDONNELL (Muskoka-Ontario): I am not old enough in politics to have learned how to do that and I hope I shall never learn.

Mr. REID: The motion is very clear and, as far as I am concerned, when I vote I vote on the wording of the motion, with no strings attached or commitments into the future regarding price ceilings.

Mr. DEPUTY SPEAKER: Is the house ready for the question?

Mr. BRACKEN: Before you put the question, sir, may I ask one thing. In the past on some of these votes pairs have been recognized. In view of the statement of the hon. Minister of Reconstruction and Supply (Mr. Howe) that this would be regarded as a free vote, I wonder if we could have some understanding with respect to whether pairs should or should not be respected.

Mr. ST. LAURENT: I think under the conditions stated by the Minister of Reconstruction no hon. member should feel bound by any pairing arrangement that would otherwise bind him.

Mr. BRACKEN: If it is really a free vote, pairs do not need to be respected.

The house divided on the amendment (Mr. Nicholson) which was agreed to on the following division:

YEAS

Messrs:

Archibald	Daniel
Bentley	Dion (Lake St. John-Roberval)
Bertrand (Prescott)	Dorion
Black (Cumberland)	Drope
Blackmore	Fontaine
Blair	Fraser
Blanchette	Gibson (Comox-Alberni)
Boivin	Gillis
Bourget	Gladstone
Bowerman	Gour (Russell)
Bracken	Graydon
Bradette	Hansell
Bryce	Herridge
Burton	Irvine
Campbell	Jaenicke
Casselman	Jaques
Castleden	Knight
Charlton	Knowles
Cloutier	Kuhl
Coldwell	Lafontaine
Coyle	
Cruickshank	

Leger	Quelch
Lesage	Raymond (Beauharnois-Laprairie)
Low	Reid
McCuaig	Richard (Ottawa East)
Macdonnell (Muskoka-Ontario)	Ross (Hamilton East)
MacInnis	Sinnott
McKay	Stephenson
MacLean	Stirling
MacNicol	Stokes
Massey	Townley-Smith
Menary	Tucker
Moore	Wylie
Nicholson	Zaplitny—69.
Probe	

NAYS

Messrs:

Abbott	Gibson (Hamilton West)
Arsenault	Gourd (Chapleau)
Chevrier	Harris (Grey-Bruce)
Cleaver	Howe
Coté (Verdun)	Isnor
Croll	Jean
Dechene	Kirk
Denis	McCann
Emmerson	McCubbin
Eudes	McCulloch (Pictou)
Gariépy	Macdonald (Brantford City)
Gauthier (Nipissing)	Nixon
Gauthier (Portneuf)	Pinard
Macdonald (Halifax)	Robinson (Simcoe East)
McIlraith	St. Laurent
MacKinnon	Sinclair (Ontario)
MacNaught	Warren
Maloney	Winkler
Martin	Winters—41.
Mayhew	
Michaud	
Mitchell	

Mr. ST. LAURENT: I move that the house do now go into committee of supply.

Mr. BRACKEN: Under the circumstances I am glad to follow the lead of the Minister of Justice.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, before the motion passes I wish to make one or two comments arising from the attitude manifested by the Minister of Justice with regard to social credit.

Mr. ST. LAURENT: On a point of order, I think it is a rule of this house that it is not permitted to refer to a previous debate during the same session.

Mr. BLACKMORE: I withdraw the remarks I made about the previous debate, and will proceed now to say what I have to say.

It is an exceedingly dangerous matter for any men charged with responsibility in these dangerous times to lay down hard and specific rules as to what they will or will not do. All that hon. members in the government know is that they face a time of great uncertainty and great danger. Their task is to guide this nation through that great danger, and to come out successfully on the other side.

Mr. SPEAKER: Order. The house has decided on the amendment, and therefore has decided on the point mentioned by the hon. member. I would therefore tell him that he is out of order.

Motion agreed to, and the house went into committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF NATIONAL DEFENCE

568. Air services (commitments, $29,855,110), $118,124,753.

Hon. COLIN GIBSON (Minister of National Defence for Air): Mr. Chairman, it was customary, when the estimates for the Department of National Defence were being considered during the war, to table a list of members of the force who had been awarded decorations for service. I should like to take this opportunity of placing on *Hansard,* with the consent of the committee, the names of those who were awarded operational decorations since the last list was published. I might add that the number of decorations earned throughout the war by members of the R.C.A.F. amounted to 8,852, and by Canadians serving in the R.A.F., 356, making a total of 9,208. The list is as follows:

Honours and Decorations Awarded to Canadians from the Outbreak of War to August 20, 1946

	R.C.A.F.	Canadians in R.A.F.	Total
Air Force Cross	430	18	448
Bar to Air Force Cross	1	—	1
Air Force Medal	43	1	44
Associate of the Royal Red Cross	20	—	20
British Empire Medal	383	1	384
Commander of the Order of the British Empire	42	2	44
Commendation	295	—	295
Companion of the Order of the Bath	23	4	27
Conspicuous Gallantry Medal (Flying)	12	—	12
Distinguished Conduct Medal	1	—	1
Distinguished Flying Cross	4,014	196	4,210
Bar to Distinguished Flying Cross	214	26	240
Distinguished Flying Medal	509	24	533
Bar to Distinguished Flying Medal	—	1	1
Distinguished Service Cross	—	1	1
Distinguished Service Order	72	16	88
Bar to Distinguished Service Order	6	2	8
George Cross	4	1	5
George Medal	19	1	20
Knight of the Order of the British Empire	—	1	1
Member of the Order of the British Empire	316	2	318
Mentioned in Despatches	2,177	49	2,226
Military Cross	4	2	6
Military Medal	1	—	1
Officer of the Order of the British Empire	110	3	113
Victoria Cross	1	1	2
Royal Red Cross	1	—	1
Belgian Croix de Guerre 1940	1	—	1
Belgian Military Cross, 1st Class	1	—	1
Czechoslovakian Medal for Valour	1	—	1
Czechoslovakian Military Cross	2	1	3
French Croix de Guerre	60	—	60
French Croix de Guerre Etoile D'Argent	1	—	1
French Croix de Guerre avec Etoile D'Argent and F.F.I. Emblem	1	—	1
French Legion of Honour	2	—	2
Grand Officers Cross of Polonia Restituta	2	—	2
Greek Air Force Cross	1	—	1
Greek Distinguished Service Medal	1	—	1
Netherlands Flying Cross	7	—	7
Netherlands Bronze Lion	1	—	1
Polish "Virtuti Militari", 5th Class	—	1	1
Polonia Restituta, 4th Class	—	1	1
Russian Medal for Valour	1	—	1
U.S. Army Air Medal	23	—	23
U.S. Army Air Medal and Oak Leaf Cluster	19	—	19
U.S. Distinguished Flying Cross	15	—	15
U.S. Legion of Merit (Commander)	6	—	6
U.S. Legion of Merit (Officer)	4	—	4
U.S. Legion of Merit (Legionnaire)	1	—	1
U.S. Purple Heart Medal	1	—	1
U.S. Silver Star	2	1	3
U.S. Soldier Medal	1	—	1
Totals	8,852	356	9,208

Number — Rank — Name — Address

Distinguished Service Order

C1467, W/C Gordon, R. A., *DFC,* Bobcaygeon, Ont.
J3103, A-S/L MacFadyen, D. A., *DFC,* 29 Chestnut Park road, Toronto, Ont.
J6389, S/L McQuoid, D. J., *DFC,* Summerberry, Sask.
C983, G/C Newson, W. F. M., *DFC,* 1092 Transit Rd., Victoria, B.C.
C1492—A-W/C Sparks, B. N. G., 1867 Chilver Rd., Windsor, Ont.

Military Cross

J96709, P/O Bastable, V. J., 345 Brooklyn St., Winnipeg, Man.

Air Force Cross

J23595, F/L Alliston, E. A., 25 St. Hubert Ave., Toronto, Ont.
J6860, S/L Calvesbert, P.S., 95 Oak St., Brantford, Ont.
J5488, S/L Clark, F. P., 96 Murphy St., Trenton, Ont.
J16320, F/L Curtis, J. R., Box 244, Ponoka, Alta.
J6710, S/L Davis, W., 1070 St. David St., Victoria, B.C.
C26200, F/L Farrell, N. B., 267 Argyle Ave., Apt. 2, Sherbrooke, P.Q.
C1352, W/C Fumerton, R. C., Fort Coulonge, Que.
J18972, F/O Gordon, T. H., 10277-92nd St., Edmonton, Alta.
J4895, W/C Harvey, R. J., 1676 W. 10th Ave., Vancouver, B.C.
C805, W/C Hiltz, G. A., 228 Saunders St., Fredericton, N.B.
C1092, S/L Jordan, J. J., 51 Roslyn Apts., Roslyn Rd., Winnipeg, Man.
J6942, S/L McCallum, J. D., 711 Windermere Ave., Toronto 9, Ont.
C140, A/V/M Plant, J. L., *CBE,* 429 Chapel St., Ottawa, Ont.
J7007, S/L Watts, J. W., 2500 College Ave., Regina, Sask.
C855, W/C Wickett, J. C., % Dr. G. E. Hall, 498 Queens Ave., London.
J6811, S/L Young, J. H., Mt. Pleasant, Brant Co., Ont.

Distinguished Flying Cross

J12544 F/L Acheson, J.W., 27 South Kingsway, Toronto.
J87008 F/O Aiderdice, W. W., New Liskeard, Dist., Temiskamy, Ont.
J3745 S/L Aldred, J. W., Port Berry, Ont.
J9680 F/L Aldrich, J. G., 328-4th Ave., N.E., Calgary, Alta.
J87340 F/L Alger, C. T., 393 McIntyre St. W., North Bay, Ont.
J14769 F/L Allan, L. A., Granada Apts., Giles Blvd., Windsor, Ont.
J10784 F/L Anderson, A. E., Sardis, B.C.
J21153 F/L Anderson, G. S. L., Mount Forest, Ont.
J19611 F/O Anderson, J. A. J. C., 2044 Grey Avenue, Montreal, P.Q.
J35506 F/O Anderson, R. T., Welsford, N.B.
J92444 P/O Andrew, R., Pickering, Ont.
J41123 F/L Andrew, R. A., West Coules, Alta.
J28296 F/L Archer, G. W., Rosedale Ave., Bartonville, Ont.
J16569 F/L Ardeline, P., 411 Concession St. E., Hamilton.
J35566 F/O Armitage, R. M., 83 Gibson St., Parry Sound, Ont.

[Mr. C. W. G. Gibson]

J22801 F/L Armstrong, N. H., 325 West 25th Ave., Vancouver, B.C.
J93515 P/O Arvanetes, G., 1342 Van Horne Ave., Montreal, Que.
R222529 W/O 2 Ash, E. J., Viking, Alta.
J17234 F/L Atkin, G. C., 9 East Drive, Toronto 9, Ont.
J19610 P/O Awrey, D. M., 1162 Chilver Rd., Windsor, Ont.
J38725 F/O Bacon, J. A., Rock Island, Que.
C85784 F/O Baczinski, M., 506-20th St., Brandon, Man.
J90510 F/L Bain, J. K., Elderbank, Halifax, N.S.
J36619 F/O Baird, E. M., Nakusp, B.C.
J45298 F/L Baird, J. D., 1195 E. 54th Ave., Vancouver, B.C.
J29073 F/L Baker, G. S., Matador, Sask.
J94878 P/O Baldwin, C. E., Glen Bain, Sask.
J23096 F/L Baldwin, W. G., 1440 Giles Blvd., Windsor, Ont.
C841 W/C Ball, F. W., 711 Second St., S., Kenora, Ont.
J91082 F/L Ballard, A. W., 456 Symington Ave., Toronto.
J16228 F/L Barnes, L. G., Manyberee, Alta.
J5289 F/L Barnett, C. D., Hillsboro, Albert Co., N.B.
J35650 F/L Bawtree, L., Enderby, B.C.
J89371 F/O Beale, J. A., 221 Queen St., Ottawa.
J17568 F/L Beals, A. W., 36 Victoria St., Truro, N.S.
J27161 F/L Beaton, J., 1659 Aird Ave., Montreal.
J16378 F/L Beaupre, H. H., 68 Moore Ave., Waterloo, Ont.
J89749 F/O Beilhartz, H. J. G., Sheellbrook, Sask.
J9180 S/L Bennett, G. W., Box 86, Spencerville, Ont.
J36690 F/O Bennett, L. G. H., 117 Willow St., Paris, Ont.
J24757 F/L Benoit, F. J., 2332 Wilson Ave., Montreal.
J36896 F/O Beriault, V. E. A., 2208 Belgrave Ave., Montreal.
J27716 F/L Bertran, R. F., Stevensville, Ont.
J89536 F/L Best, R. V., The Alders, Ganges, B.C.
J27814 F/L Bews, A. R. A., Eatonia, Sask.
J37377 F/L Black, R. L., Brussels, Ont.
J93285 F/O Black, S., 495 Jarvis Ave., Winnipeg, Man.
J87293 F/O Blair, G. C., Oakville, Man.
J25534 F/L Bolender, W. L., 37 William St., Elmira, Ont.
J22984 F/L Bond, F. E., Coaldale, Alta.
J40829 F/O Borkowitz, S., 42 Major St., Toronto.
J12490 F/L Borthwick, R. M., 2170-51st Ave., W., Vancouver.
J8377 S/L Bossenberry, A., Grand Bend, Ont.
J16958 F/L Boudreau, J. H., Box 554, Campbellton, N.B.
J93544 P/O Bourdon, J. V. M., 1668 Cuvillier St., Montreal, P.Q.
J93002 F/O Bouvier, L. W., 417 Ave. K., North, Saskatoon.
J44069 F/L Boyd, J. E. D., Clarkson, Ont.
J38337 F/O Boyer, J. C. P., St. Remi, Napierville, P.Q.
J14133 F/L Bracken, H. D., Borden, Sask.
R260308 W/O2 Bradner, R. J., 2 Earl Haig Ave., Toronto.
J19529 F/O Bradshaw, M. W., 508 Victoria Rd., Nanaimo, B.C.

J85520 P/O Brock, R. G., 110 Williamson Rd., Toronto.
J94387, F/O Brophy, Harrisons Corners, Ont.
C94009, F/O Brown, J., 11 Beal Terrace, Newcastle-on-Tyne, England.
J13826, F/L Brown, N. H., 3756 McGill St., Vancouver.
J26449, F/L Brunton, M. L., Kincardine, Ont.
J38297, F/O Brush, G. C., General Delivery, Sault Ste. Marie, Ont.
J36355, F/L Bruyns, F., Moulinette, Ont.
J37811, F/O Bumstead, W. R., Meaford, Ont.
J27119, F/O Bush, E. F., 73 Fairlawn Ave., Toronto.
J26039, F/L Butler, A. R. H., 17 Park Place, St. Catharines, Ont.
C854, F/L Butts, R. A., Sydney Mines, N.S.
J9178, F/L Buttle, T. W., 284 Rutland St., Winnipeg, Man.
R264874, W/O 2 Byers, A. N. C., Box 451, Lunenburg, N.S.
J38751, F/O Caldwell, D. M., Huntingdon, Que.
J23966, F/L Calhoun, M. B., 134-2nd St., St. Lambert, P.Q.
J45828, F/O Campbell, C. S. H., 737-14th Ave. W., Calgary, Alta.
C89509, F/L Campbell, G. A., 133 Broadway Ave., Ottawa.
R218396, W/O 2 Campbell, S. F., Zealandia, Sask.
J37888, F/O Carlson, C. L., 4th Ave. E., Watrous, Sask.
J26979, F/L Carlyle, K. A., 373 Waverly, Winnipeg, Man.
J24042, F/L Caron, W. M., Midway, B.C.
J27266, F/O Carr, J. A., 3119 Royal Oak Ave., New Westminster, B.C.
C88282, F/O Carter, Y. K., 195 Cooper St., Ottawa.
J12030, F/L Cartmell, J. H., R.R. No. 2, Chilliwack, B.C.
J35769, F/O Casey, J. M., Milltown, N.B.
J89617, F/O Cathrea, H. W., Meadow Lake, Sask.
C88573, A/F/L Chabot, S. G. E., 315 Merton St., St. Lambert, Que.
R85522, W/O 2 Chapman, J. R., 79 Curtis St., St. Thomas, Ont.
J87585, F/O Charbonneau, J. D. M. R., 1442 St. Clement St., Montreal.
J92831, F/O Chorny, W., Ranfurly, Alta.
J90841, F/L Clarahan, L. E., Olds, Alta.
J86332, F/L Clark, A. T. 82A-10th Ave., Lachine, Que.
R200657, W/O 2 Clarke, O. S. T., 120 Markland Ave., Hamilton.
J85333, F/O Clarkson, P., 4408 Kensington Ave., Montreal.
J25884, F/L Clegg, C. F., 772 Dundas St., London, Ont.
J8783, F/L Clement, G. F., R.R. No. 7, St. Mary's, Ont.
C288, S/L Clement, R. J., Ste. 5, 812 Grosvenor Ave., Winnipeg.
J17296, F/L Cochran, C. K., 7442-21A St. S.E., Calgary.
J21551, F/L Goderre, M. A., Apt. 103, 110 Tyndalle Ave., Toronto.
J14087, F/L Coghlan, T., 325 S. Brodie St., Fort William, Ont.
R117346, W/O 1, Collings, B. B., Chapleau, Ont.
J5819, S/L Collins, C. C., 1721-12th St. W., Calgary.
J12810, F/L Collins, F. A., 325 Temple Cresc., North Vancouver.
J93319, F/O Colquhoun, A. B., Parry Sound, Ont.
J86186, F/O Connor, D. D., 10 Lloyd St., Ottawa.
J16812, S/L Conquist, C. W., 57 Kennedy St., Winnipeg.
J85106, F/L Cooke, A. G., 905 Palerston Ave., Winnipeg.
J36361, F/L Cooke, J. G. R., 42 Sheridan Ave., Toronto.
J89624, F/O Cooper, A. J., 883 Lansdowne Ave., Toronto 4, Ont.
J6642, F/L Cooper, J. H., Qu'Appelle, Sask.
J90328, F/O Cope, R. A., Albert St., Forest, Ont.
J29983, F/O Corsbie, J. H., Doe River, B.C.
J36272, S/L Coulter, J., 120 4th Ave. W., Rosetown, Sask.
J40407, F/O Couse, M. A., 810 King St. E., Hamilton.
J10871, F/L Cousins, G. T., Ste. 10 Ashland Court, Winnipeg.
R188530, W/O 2 Coville, H. L., 40 James St. W., Brockville.
R212916, W/O Coyne, E. K., 78 Mavety St., Toronto, Ont.
J19870, P/O Creighton, A. D., 616 Duke St., Saskatoon, Sask.
J93353, P/O Crew, J. A., 512 California Ave., Windsor.
C24436, F/L Cronyn, P. H., 190 Regent St., London, Ont.
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J43626, F/O Schmidt, P. F. L., 390 Montrose Ave., Toronto, Ont.
J12865, F/L Schroeder, W. L., R.R. 2, Centralia, Ont.
J17242, F/L Schubert, T. E., Otter Lake Rd., Armstrong, B.C.
J26748, F/O Scott, M. N., Innisfail, Alta.
J13483, F/L Seton, H. W., 117 Brook Ave. S., Montreal West, P.Q.
J17715, F/O Shaughnessy, P., 400 Kensington Ave., Westmount, P.Q.
J14304, F/L Shaw, E. H., Nanton, Alta.
J14871, F/L Sheppard, T. S., 137 Arlington Ave., Toronto, Ont.
J87336, A/F/L Sherlock, G. T., 1937 Robinson St., Regina, Sask.
J17048, F/L Sherrett, R. J., 625-1st Ave. S., Kenora, Ont.
J17892, F/L Short, C. H., 94 Huntley St., Toronto, Ont.
J85564, A/F/L Simonson, L. O., 344 Roseberry St., St. James, Man.
J9849, A/S/L Simpson, H. A. L., 2755 Yonge St., Apt. 222, Toronto, Ont.
R215338, WO2 Simpson, I. R., 1170 Barclay St., Vancouver, B.C.
C35386, A/F/L Simpson, W. G. R., 1251-5th Ave. A., South, Lethbridge, Alta.
J39135, A/F/L Skinner, S., 11448-93rd St., Edmonton, Alta.
J664, S/L Smith, F. E. W., 3775 W. 37th Ave., Vancouver, B.C.
J93927, P/O Smith, G., Box 27, Galahad, Alta.
J19332, F/O Smith, J. K., 62 Victor Ave., Toronto 6, Ont.
J19490, F/O Smith, W. B., 691 Markham St., Toronto, Ont.
J10553, A/S/L Smith, W. J., 1584 Hampshire Rd., Victoria, B.C.
J18361, F/L Smith, W. R., 130 Keewatin Ave., Toronto 12, Ont.
J35822, F/O Smithman, E. L., 822 Dublin St., New Westminster, B.C.
J19459, F/L Smyth, E. R., Box 136, Trochu, Alta.
J87861, F/L Sorenson, S. P., Box 323, Rouleau, Sask.
J24664, F/L Sowerby, C. E. R., 546 Ingersoll St., Winnipeg, Man.
J86086, F/L Spankie, E., c/o J. Spankie, 617--16th Ave. N.E., Calgary, Alta.
J85771, F/O Spence, A. L., 2337 Howard Ave., Windsor, Ont.
J5820, F/L Sproule, F. H., 5557 Larch St., Vancouver, B.C.
J92555, F/O Stafford, R. E., 202 Madeline Dr., Pasadena, Calif., U.S.A.
J24643, F/L Stelfox, H. B., Rocky Mountain House, Alta.
J93450, F/O Stepenoff, A. C., 1019-19th Ave, W., Calgary, Alta.
R212120, WO1 Stewart, E. A., R.R. 2, Tofield, Alta.
J94630, P/O Storry, G. P., Box 369, Qu'Appelle, Sask.
J93380, P/O Storsater, R. G., 889 Valour Rd., Winnipeg, Man.
C1495, S/L Stroud, J. M., 81 Dunsmure Ave., Hamilton, Ont.
J89793, F/O Sulpher, F. M., Box 90, Renfrew, Ont.
J38728, F/O Sutherland, W. R., Bradford, Ont.
J90135, F/O Talbot, M. R., 383 Langside St., Winnipeg, Man.
J86964, F/L Tarling, D. E., 21 Marchmount Rd., Toronto, Ont.
J88844, F/O Teit, S. O. W., Merritt, B.C.
J27415, F/O Tessier, J. W. L., 110 Foundry St., Lachute, P.Q.
J89485, F/O Thompson, R. T., Imperial, Sask.
J93112, F/O Thompson, W. E. P., 8 Wilfred Ave., Toronto, Ont.
J27620, F/O Thrasher, J. A., 165 Ruttan St., Port Arthur, Ont.
J38347, F/O Tigchelaar, A. E., 56 Main St., Dundas, Ont.
J92642, F/O Tilston, N., 265 Normanhurst Ave., Hamilton, Ont.
J7041, F/L Todd, R. K., 5556-7th Ave., Rosemount, Montreal, P.Q.
J28659, F/L Topliss, H. G., Box 1243, Rossland, B.C.

J22854, F/L Traynor, C. J., 812-7th Ave. E., Owen Sound, Ont.
J88131, F/O Tunis, W. E., 8 Paisley Ave. N., Hamilton, Ont.
C4456, F/O Turner, S. D., 2320 8th St., Calgary, Alta.
J35759, F/L Vipond, J. F., 794 Carlaw Ave., Toronto, Ont.
R205256, WO2 Wade, G., 651 Minto St., Winnipeg.
J19913, F/O Wagner, E. N. D., 1337 Graveley St., Vancouver, B.C.
J38247, F/O Walker, J. E., 16 Randolph Ave., Toronto, Ont.
J11051, F/L Walker, R. T., 1001 N. 10th St., Duncan, Oklahoma, U.S.A.
J38431, F/O Wallis, S. R., 609 10th St. E., Lethbridge, Alta.
J93876, P/O Walwyn, C. J., Lipson, Sask.
J88115, F/O Ward, D. M., 10 Kirkalta Apts., Edmonton, Alta.
J12627, F/L Watson, F. F., 299 Lake St., Peterborough, Ont.
J6206, S/L Watson, T. W., 1209 MacKay St., Montreal, Que.
J93891, P/O Waugh, J. H., Wilmot Valley, P.E.I.
J92181, F/O Welsman, W. W., 83 Brooks Ave., Toronto, Ont.
J39914, F/O West, J. W., Hopewell Hill, N.B.
J15005, F/L Whalen, J. H., 2995 W. 1st Ave., Ste. 4, Vancouver, B.C.
J38314, F/O Whiteman, A. G., Neepawa, Man.
J18776, F/O Whitney, J. L., Eriksdale, Man.
J37080, F/O Whitten, L. N., 1175 Wolseley Ave., Winnipeg, Man.
J40060, F/O Whittles, H. M., 11038-86th Ave., Edmonton, Alta.
J29129, F/L Whynacht, K. A., Volger's Cove, Lunenburg Co., N.S.
J6184, S/L Wilkie, H. W., 221 Canice St., Orillia, Ont.
J93718, P/O Wilkins, J., 11932-102 St., Edmonton, Alta.
J35339, F/L Wilkinson, E. C. S., Box 401, Napanee, Ont.
J4867, T/F/L Williams, C. F., 75 James St., Ottawa, Ont.
J12038, F/L Winmill, A. E., 12 Wilson St., Lachute Mills, P.Q.
J36872, F/O Wissler, G. H., Elora, Ont.
J36252, F/O Wygle, B. S., Crossfield, Alta.
J40475, F/O Wynne, J., 618 Coxwell Ave., Toronto, Ont.
R189484, WO2, Yard, W. L., Princeton, B.C.
J37734, F/O Yeaman, J. K., 22 High Park Gardens, Toronto, Ont.
J14819, F/L Young, D. B., 1764 Wesbrook Cresc., Vancouver, B.C.
J92888, P/O Young, G. M., 1650 Aird Ave., Montreal, Que.
J37737, F/O Young, H. R., 212 Erskine Ave., Toronto, Ont.
J38377, F/L Payne, D. M., 1529 Bathurst St., Toronto, Ont.

Bar to Distinguished Flying Cross

J16350, F/L Angus, T. A., 219 St. Helen's Ave., Toronto, Ont.
C89543, F/L Batchelor, A. W., 629 John St., Victoria, B.C.
J86510, F/L Boyd, F. L., 4454 Oxford Ave., N.D.G., Montreal, P.Q.
C89533, S/L Brown, J. C. R., 849 Broadview Ave., Toronto, Ont.
J26394, S/L Brownell, G. J., Port McNicoll, Ont.

[Mr. C. W. G. Gibson.]

J22379, F/L Caine, J. T., General Delivery, South Edmonton, Alta.
J22909, S/L Campbell, T., 90 Pears Ave., Toronto 5, Ont.
C89569, W/C Comwar, J., 2315 Eglington Ave., Toronto, Ont.
J5083, S/L Coons, H. L., Collins Bay, Ont.
J16384, F/L Cuelenaere, M. R. C., 220 Williams Rd., Chilliwack, B.C.
J27305, F/L Dixie, J. P., 4036 Imperial St., New Westminster, B.C.
J11502, F/L Duchesnay, A. A. H. J. N. A., 263 Fraser St., Quebec City, P.Q.
J17017, F/L Duncas, E. G., Miami, Man.
J24375, F/L Edwards, W. F., 10945-90th Ave., Edmonton, Alta.
J11442, S/L Ellwood, G. B., 253-5th Ave., Portage La Prairie, Man.
J9069, S/L Fairbanks, D. C., 424 East State St., Ithaca, N.Y., U.S.A.
J15734 S/L Falls, F. M., 3740 The Boulevard, Westmount, P.Q.
J28917, F/O Ferguson, R. M., Erin, Ont.
J11188, F/L Forrest, H. L., 3855 Glen Dr., Vancouver, B.C.
J10133, W/C Ganderton, V. F., Leduc, Alta.
J12273, Gibbons, N., 2355 Marine Dr. W., Vancouver, B.C.
J17352, F/L Hammond, A. B., 5854 McLynn St., N.D.G., Montreal, P.Q.
J15661, S/L Hudson, J., 2012 Oak Bay Ave., Victoria, B.C.
J27719, F/L Kyte, M. S., 503 Lauder Ave., Toronto, Ont.
J8812, F/L McDougall, T. R., 373 Elock Ave., North Bay, Ont.
J17272, F/L Naylor, W. K., Coleman, Alta.
J3202, S/L Neilly, L. G., Gilford, Ont.
P16193, S/L Newitt, R. M., 1537 Haro St., Vancouver, B.C.
J15600, S/L Peterson, H. V., 2517 16 A St. E., Calgary, Alta.
J10982, W/C Hawson, B. F. N., 51 Robinson St., Hamilton, Ont.
J10676, F/L Rolfe, V., 1185 George Ave., Windsor, Ont.
J5690, F/L Smith, F. D., 932 W. 19th Ave., Calgary, Alta.
J15959, F/L Smith, K. C. A., 438-6th St., Saskatoon, Sask.
J10122, F/L Vann, G. C. J., Box 886, Flin Flon, Man.
C89534, F/L Williams, L. H., 1715 Donald St., Fort William, Ont.

George Medal

J37488, F/O Baillie, J. J., 369 Victoria Park Ave., Toronto, Ont.
J24596, F/L Varden, D. P., Box 104, Merrickville, Ont.

Conspicuous Gallantry Medal

J36349, F/O McLean, H. V., 3 Smirle Ave., Ottawa, Ont.

Distinguished Flying Medal

K255545, F/S Carlson, A. B., R.R. No. 1, Saanichton, B.C.
R90414, Sgt Cockaday, A. J., 188 Albion St., Brantford, Ont.
R252961, F/S Dixon, J. D., 6 Dawson St., Waratah, N.S.W., Australia.
R188791, F/S Donovan, I. I., Box 759, 144 Pine St., Collingwood, Ont.
R250812, Sgt. Edwards, F., 5 Amherst Ave., Toronto, Ont.

R19350, Sgt. Edwards, J. H., Cranbrook, B.C.
R168908, F/S Fertich, F. O., Box 1369, Rossland, B.C.
R218578, F/S Fisher, J. W., 239 La Rose Ave., The Pas, Man.
R71729, Sgt. Giles, R. G., 26 Dawson St., Dartmouth, N.S.
R257869, F/S Groulx, E., Garson, Ont.
R219718, F/S Hamilton, F. R., Waubaushene, Ont., R.R. No. 1.
R193797, F/S Hickey, K. A., R.R. No. 1, Highland Creek, Ont.
R133105, F/S Jones, D. E., 3813 Patterson Ave., Burnaby, New Westminster, B.C.
R269907, F/S Kuchma, W., Steveston, B.C.
R220942, F/S Leprich, J. O., Box 582, Hanover, Ont.
R218209, F/S McGill, J. E., 417-5th Ave. N., Saskatoon, Sask.
R213856, F/S McMurchy, G. A., 278 2nd Ave. E., Swift Current, Sask.
R269111, F/S McNamara, J. G., 54 West St., Thorold, Ont.
R203649, F/S Moffatt, R. W., 2336 Victoria Ave., Regina, Sask.
R149600, F/S Nordbye, G. L., Box 12, Silverton, B.C.
R275522, F/S Oxenbury, J. F., 164-1st St., Ocean Falls, B.C.
R188018, F/S Potter, M. A., Warkworth, Ont.
R214651, F/S Ridley, F. G., High St. Nevin, North Wales.
R213931, F/S Stapleton, J. A. P., Glen Bain, Sask.
R271382, F/S Waddell, W. H., 723 Carlaw Ave., Toronto, Ont.
R265535, WO2 Woytowich, W., Alvena, Sask.

Officer of the Order of the British Empire

C775, W/C Birchall, L. J., Quinte Hotel, Belleville, Ont.

Member of the Order of the British Empire

J4737, F/L Ash, W. F., 3515 Edgewater St., Dallas, Texas, U.S.A.
J23407, F/L Higgins, P. N., 220 Methow St., Wenatchee, Washington, U.S.A.
J40826, F/O Riley, G. C., Hudson Heights, P.Q.

British Empire Medal

R78722, Sgt Jamieson, T. D., 1912 Haro St., Vancouver, B.C.
R275318, AC1 Nightingale, W. F., 14 Palmerston Ave., Brantford, Ont.
J96294, P/O Warren, J. L. N., Pointe Au Pic, Murray Bay, P.Q.

Mention in Despatches

R60701, Sgt Allen, N. C., 13011-121st St., Edmonton, Alta.
J20843, F/L Anderson, L. H., Box 28, Blackie, Alta.
R82220, Sgt. Argue, A. L., Pakenham, Ont.
J19798, F/L Arthur, R. J., 34 Tulip St., Dartmouth, N.S.
J7641, F/L Aylsworth, A. B., St. George, Ont.
C48210, P/O Bain, K., Argyle St., Yarmouth, N.S.
R53385, Sgt. Baker, C. A., 44 Hunter St., Toronto, Ont.
R95002, Cpl. Batten, F. L. C., 38-39th St., Brandon, Man.
R73065, Sgt. Bedford, C. F., 36 Sydney St., Saint John, N.B.
R64450, Sgt. Berryman, E. H. J., 31 West Ave. South., Hamilton, Ont.
R76479, Sgt. Blanchard, R. A., Box 653, Kentville, Kings Co., N.S.
R65602, Sgt. Bowins, C. H., 145 Parkmount Rd., Toronto, Ont.
R104832, W/O Brown, A. W., 4016 Beaconsfield Ave., N.D.G., Montreal, Que.
R67580, Sgt. Brown, G. A., 751 Huron Line, Windsor, Ont.
J96304, P/O Brown, M. W., 32 Parkway Ave., Toronto, Ont.
R64513, Sgt. Cassaboom, H. D., Tinerton, Digby Co., N.S.
R89818, Sgt. Charlwood, D. W., Crescent Mansions, Princess Crescent, Brighton, England.
R124136, F/S Cheremkora, J., 335 Aberdeen Ave., Winnipeg, Man.
J25257, F/O Clark, G. R., P.O. Box 41, Ninga, Man.
10212A, F/S Coat, W. G., 74 Cheever St., Hamilton, Ont.
R68056, Sgt. Cook, W. H., 1118 Kensington Rd., Ste. 3, Calgary, Alta.
R63687, W/O.1 Cooper, A. D., 190 Portland St., Dartmouth, N.S.
R61317, Sgt. Dale, H. A, Tweed, Ont.
6535, Sgt. Dale, J. E., 87 Russell Rd., Eastview, Ont.
R108725, W/O Dean, C. A., 34 Juliet Cresc., Toronto 9, Ont.
J12624, F/L Dearing, P. F., 121 Inkerman St., London, Ont.
R84027, Sgt. Deverell, G. A., Mount Forest, Ont.
J10719, F/L Dewis, M. W., Canmore, Alta.
R128363, W/O Dickinson, J. C., 329-19th St, W., Prince Albert, Sask.
R65077, Sgt. Digout, E. A., French Cove, Richmond Co., N.S.
R90552, Sgt. Dodgson, J. G., 65 Princess St. W., North Bay, Ont.
R81054, F/S Dore, B. V., 505 Catharine St., Victoria, B.C.
R107352, Sgt. Dowler, G. D., 703-4th Ave. N., Saskatoon, Sask.
J11632, F/L Dyck, M. M., 376-W. 20th Ave., Vancouver, B.C.
J14306, F/L Early, A. A., 2029 Iroquois St., Windsor, Ont.
R58405, Sgt. Eckstrand, L. P., Stockholm, Sask.
J41453, F/O Empringham, L. G., 79 Cameron Cresc., Leaside, Ont.
R63688, Sgt. Fair, A. K., R.R. No. 5, Guelph, Ont.
C1462, S/L Farrell, D. W., 3449 Ont. Ave., Montreal, P.Q.
R52194, Sgt. Faux, A. W., 202 Centre St., St. Thomas, Ont.
R63692, Sgt. Finch, R. V., 521 Victoria St., Point Edward, Ont.
J15051, F/L Fleming, J. P., Box 1115, 41½ George St., Smiths Falls, Ont.
J22448, F/O Freeman, H., 25 Rothesay Apts., Winnipeg, Man.
R109259, Sgt. Gibson, G. R. M., 80 Worsley St., Barrie, Ont.
R166811, WO2 Gormley, W., Bella Bella, B.C.
J13979, F/O Gray, R. B., 337 Home St., Winnipeg, Man.
R63643, Sgt. Greenfield, K. R., 151 Horton St., London, Ont.
R119027, Sgt. Hall, K. W., 43 St. Lennards, Cresc., Lawrence Park, Toronto, Ont.
R95873, F/S Hawkins, H. R., 584 Chapel St., Ottawa, Ont.
C9221, F/L Hodgson, J. B., 508 Grosvenor Ave., Westmount, Montreal, P.Q.
R86935, Sgt. Hooson, T. E., 11119-60th St., Edmonton, Alta.

J87265, P/O Hughes-Games, N. E., Kelowna, B.C.
J10650, F/O Hunter, B. F., c/o J. Cecil Mill, Kensington, P.E.I.
R79722, Sgt. Jamieson, T. D., Gull Lake, Sask.
J12494, F/L Knechtel, E. E., Box 37, Winslow, Washington, U.S.A.
R104784, W/O Lamontagne, J. G. G. C., 550 McEachran St., Outremont, P.Q.
R82596, Sgt. Leblanc, J. C. M., 40 St. Marie St., Hull, P.Q.
R251419, WO2 Lepp, G., Box 112, St. Davids, Ont.
J86407, P/O MacEwen, G. F., Morell, P.E.I.
R116105, W/O McMacken, G. R., 290 Furby St., Winnipeg, Man.
C89501, S/L McVeigh, C. N., 11 Hillview Dr., Hucclecote, Gloucester, England.
C8043, F/L Mills, C. A., Box 326, Strathroy, Ont.
J46893, F/O Morasse, J. A. P. E., 1255 Main St., Moncton, N.B.
R157271, W/O Motriuk, S. A., 49 Cobourg St., Winnipeg, Man.
J23249, F/O Mulvihill, K. P., 299 Lilac St., Winnipeg, Man.
J14862, F/L Mungall, R. H., Union Mills, N.B.
J25444, F/O Nelson, K. L., R.R. 1, Box 52, Ponoka, Alta.
R107859, F/S Newman, W. A., West Bend, Sask.
J15498, F/O Otten, J. F., 47 Quebec St., Kingston, Ont.
R122035, Sgt. Pearson, A. T., R.R. No. 3, 2252 Maddaugh Rd., Cloverdale, B.C.
C1397, S/L Poag, W. F., Listowel, Ont.
J9668, F/O Porter, C. E., Manson Creek Via Fort St. James, B.C.
R141955, Sgt. Radley, S. A., Fort Saskatchewan, Alta.
J49680, P/O Regan, W. H., Cayuga, Ont.
J12050, F/L Richardson, R. H., 55-6th St., N.W. Portage la Prairie, Man.
J22752, F/L Scott, D. R., Queen Charlotte City, B.C.
R70157, Sgt. Scott, D. S., Almonte, Ont.
J8831, S/L Shellard, D. C., 1520 Argyle Ave. W., Vancouver.
J13946, F/L St. Aubin, J. T. W., 1153 Wayburn Ave., Grosse Pointe Park, 30, Mich., U.S.A.
R167225, F/S Tilander, E. N. C., 46 Lyon Rd., Toronto.
J38195, F/O West, J. C., Baker's Inn, Yarmouth, N.S.
R104679, Sgt. Wilcos, G. L. M., 119 Second Ave., Sherbrooke, P.Q.

King's Commendation

J50658, P/O Bryden, J. T., Box 296, North Sydney, N.S.
J3731, F/L Evans, C. J., 25 Park Rd., Brantford, Ont.
R164309, W/O 2 Smith, S. F., 1180 Howard Ave., Windsor, Ont.
C577, S/L Wiseman, J. A., 702 Parkdale Ave., Ottawa.

UNITED STATES AWARDS

Distinguished Flying Cross

J17875, F/L Anderson, T. M., 847 Carrie St., Esquimalt, B.C.
J17126, P/O Rennie, H. T., Elora, Ont.

U.S. Legion of Merit (Degree of Commander)

C11922, A/M Leckie, R., 303 Acacia Ave., Ottawa, Ont.
C50, A/V/M De Niverville, J. L. E. A., 81 Frank St., Ottawa, Ont.

[Mr. C. W. G. Gibson.]

C317, A/V/M Curtis, W. A., 692 Echo Drive, Ottawa, Ont.

U.S. Legion of Merit (Degree of Officer)

C71, A/V/W Slemon, C. R., 92 Lisgar Rd., Rockcliffe, Ont.
C602, G/C Patriache, V. H., 10303-123rd St., Edmonton, Alta.
C409, G/C Hanna, W. F., University of Manitoba, Fort Garry Site, Winnipeg, Man.
C3354, W/C Smith, E. E., 1803 Lawrence Ave., Washington, D.C.

FRENCH AWARDS

Croix de Guerre

J11140, F/L Bitz, F. J., 3329 W. 3rd Ave., Vancouver, B. C.
J86423, F/O Harrington, E. J., 74 Hearn Ave., Guelph, Ont.
J23797, F/L Mackenzie, B. M., Stettler, Alta.
J20106, F/L Stewart, D. G., Ste. 24, 101 E. 7th Ave., Vancouver, B.C.
J23698, F/L Umpherson, W. E., Poland, Ont.
J23316, F/O Wallace, R. A., 589 Oliver Rd., Port Arthur, Ont.
C12586, F/L Walz, D. M., General Delivery, Moose Jaw, Sask.

Legion of Honour

C4, A/M Johnson, G. O., 18 Acacia Ave., Ottawa, Ont.

DUTCH AWARDS

Flying Cross

J22239, F/L Bassarab, R. N., 384 Barrie St., Kingston, Ont.
J23054, F/L Churchill, R. E., 9824-92nd Ave., Edmonton, Alta.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

DEPARTMENT OF MINES AND RESOURCES

132. Departmental administration, $173,255.

Mr. HOMUTH: Mr. Chairman, I rise to a point of order. I consider in view of what happened this morning that this house is not constitutionally convened. This morning the Acting Prime Minister moved that the house go into committee of supply. An amendment to that motion was moved and carried. That meant that the government was defeated in this house. The government can quote all the rules they like, Beauchesne and any other authorities, but the fact remains that the government made a motion to go into supply this morning and was defeated on the motion. There was only one course open to the government after that defeat. The vote having been taken and the government defeated, before they can go into supply the government must ask the house for a vote of confidence in the government. No such motion was made. According to British parliamentary procedure, when a motion made by any member of the government is defeated in the house the

government is defeated. I realize that certain passages can be quoted from various parliamentary authorities in support of the government; nevertheless the government was defeated this morning on a vote, and as a consequence there was only one thing for them to do and that was to move a vote of confidence in the government. After being sustained on such a vote of confidence it would be the right of the government to move that the house go into committee of supply. That was not done, and I contend that this house is now sitting unconstitutionally, that as the government was defeated on a vote this morning, we are not sitting legally as a parliament.

Mr. GIBSON (Comox-Alberni): Ha! Ha!

Mr. HOMUTH: It is all very well for my hon. friend to say "Ha! Ha!" but there are certain parliamentary rules by which we must abide. I am not so sure but that if a vote of confidence in the government had been moved this morning I might have voted to sustain the government for the time being until the Prime Minister comes home so that we could really give him a defeat. But as it is I contend we are sitting unconstitutionally, and therefore this house should disband right now unless the government is prepared to call the Speaker to the chair and move a vote of confidence in the government.

An hon. MEMBER: Did you sit in during the debate this morning?

Mr. HOMUTH: Yes, and I know more about the rules than you ever did.

The CHAIRMAN: After the vote was taken this morning the Acting Prime Minister moved that the Speaker do now leave the chair. I would refer hon. members to Beauchesne's Parliamentary Rules and Forms, second edition, paragraph 489:

> When an amendment has been adopted to the motion for the house to go into committee of supply or of ways and means, it may be forthwith moved that the house resolve itself into such committee immediately or on a future day.

That motion was made, that the house go into committee of supply immediately, and the motion was carried with the unanimous vote of the house. Therefore I must rule that the committee is properly constituted.

Mr. HOMUTH: There was no vote at all as to whether the house should go into supply immediately. You said, Mr. Chairman, that the house went into committee by unanimous vote of the house. There was no such vote.

Some hon. MEMBERS: Yes.

Mr. MacINNIS: Mr. Chairman, this is the first time that I have heard that the government must resign if it meets an adverse vote in the house. It often happens in every British parliament that a government is defeated on a vote.

Mr. HOMUTH: Tell me of one case where a government was defeated on a vote.

Mr. CROLL: The British government was defeated on its educational bill at the last session.

Mr. HOMUTH: And moved a motion of confidence in itself.

Mr. MacINNIS: I think the usual procedure is that there is an understanding between the government and the opposition as to what will be considered a major vote of want of confidence and what will be considered just an adverse vote on a minor matter. I am quite sure there is nothing in the point raised by the hon. member for Waterloo South.

Mr. NICHOLSON: I think your decision, Mr. Chairman, is correct. There was a motion moved by the Acting Prime Minister that the Speaker leave the chair, and that was carried unanimously. Therefore I contend that the committee is sitting constitutionally.

Mr. HOMUTH: On the point of order, Mr. Chairman, we have often seen questions raised in the house as to the meaning of certain clauses of a bill and heard a minister say: This is what I contend it means. Later the question comes before the courts and a lawyer will say to the court: This is what the minister said the clause meant. The judge will say: I am not concerned with what the minister thought it meant, but with the words of the act itself. I say that under our parliamentary rules the government was defeated this morning, and it should have moved a vote of confidence in itself, and if that was sustained it should then have moved to go into committee of supply.

Mr. ST. LAURENT: You have given your ruling, Mr. Chairman, that we should proceed with the business of the house. We have lost enough time to-day without losing any more.

Mr. HOMUTH: Don't try to get away with it.

Mr. ST. LAURENT: I am not trying to get away with anything. I am trying to act like a grown-up member of parliament. I do not know whether the hon. member was here or not this morning, but a motion was made and carried that the house go into committee of supply. It is now in committee of supply,

and the chairman has ruled the hon. member's point of order out of order. There has been no appeal from his decision, and I suggest that we now carry on the business of parliament.

Mr. HOMUTH: Just a minute. I am not going to accept any such speech as that from the Acting Prime Minister. He says he is acting like a grown-up man. If he was a grown-up man he would not have done many things that he has done. He would not have refused the hon. member for Lake Centre many of the documents for which he has asked. He would not have refused to enforce the order in council at Hamilton. So do not let him stand up and say that he talks like a grown-up and that we are children. We were grown-up long before he was there.

The CHAIRMAN: I have heard the further representations that have been made, and I am satisfied that my ruling is correct—

Mr. HOMUTH: I am not.

The CHAIRMAN: —and that the committee has been properly constituted and can now proceed with its work.

Mr. GRAYDON: May I ask the Minister of Justice a question?

The CHAIRMAN: I do not want to prolong the debate. I will allow one question.

Mr. GRAYDON: In view of what has taken place here, if that was not a vote of confidence why did the Minister of Reconstruction and Supply, speaking on behalf of the government, call for a free vote?

Mr. ST. LAURENT: I do not know that I am required to answer the hon. gentleman. I do not appear to have it here, but my attention was called to a precedent which I have been trying to turn up and which I have not yet put my hand upon, according to which it was determined years ago, in the time of Sir Wilfrid Laurier, that on a motion of that kind the government could, if it chose, make it a motion of confidence, but it could also if it chose allow a free expression of the opinions of hon. members on the matter concerned; and that was what was done this morning. There was a declaration by the Minister of Reconstruction that the government was not asking for support on party lines but was asking for an expression of the views of hon. members, and a vote was registered along those lines. Now I think the incident is closed. It was made a condition before the Minister of Reconstruction made that statement that there would be no objection from hon. members to a subsequent motion immediately to go in supply, and it was on the basis of that understanding that the vote was taken, that the vote was registered, and the motion was made. Those who were present acquiesced in the understanding that had been arrived at; the house went into committee of supply and proceeded with its business, and I think it should continue to do so now.

The CHAIRMAN: It is not in my province, of course, to decide whether motions are motions of want of confidence or not, but for the benefit of the committee may I read from Beauchesne, third edition, paragraph 475:

"Of course there are motions which by themselves carry censure, and such motions would necessarily imply want of confidence in the administration. But when the motion presented is such as this motion, affirming a general principle, not particularly calling question any practice or action of the government, it does not carry with it want of confidence, unless, indeed, it is made so by the will of the administration. If the administration cares to do so, it always has the power to declare that a motion moved in amendment to go into committee of supply is a motion of want of confidence; they have the power, and it follows they can take that course."

Now we will go on with the estimates of the Department of Mines and Resources, vote No. 132.

Hon. J. A. GLEN (Minister of Mines and Resources): The hon. member for Regina City asked that he might be allowed, because he has to go away, to discuss the question of the trans-Canada highway, and although it does not properly come within this vote, but rather under item 170, I suggest that the hon. gentleman should have that opportunity.

Mr. PROBE: It has been up a couple of times already this session.

Mr. GLEN: It has been, but I promised to give the hon. member this opportunity to discuss it.

Mr. PROBE: I wish to thank the Minister of Mines and Resources for having accorded me the privilege of speaking for a moment or two on this very important subject of the trans-Canada highway, under his departmental estimates. It has been the wish of various hon. members to secure information through questions placed on the order paper with respect to the present status of the highway which ostensibly links the west of Canada to the east, or would do if there were such a thing as a trans-Canada highway, and no department of government has taken a direct responsibility for such a highway, although, to questions I have asked, the Department of Mines and Resources was good enough to prepare a reply.

A few weeks ago in the course of debate the Minister of Agriculture made the statement in this house that it was possible to drive an automobile from eastern Canada to

western Canada remaining entirely on Canadian soil. With that bald statement of the possibility of moving a vehicle on purely Canadian soil there can be no disagreement. However, I have traversed some of the miles to which the Minister of Agriculture referred, and the road is definitely not one which we would call a first-class highway.

I want to place on the record at this time certain information which deals with the general subject of discussion, in the form of replies by the Department of Mines and Resources to questions I asked on July 29, 1946, with regard to the trans-Canada highway. The first question I wish to place on the record is this one:

What mileage of trans-Canada highway is now completed and hard-surfaced (a) in Canada, (b) in each of the provinces?

The answer to that question as given by the department was:

No definite standard or specification has been agreed upon or set for a trans-Canada highway, nor has the route of a trans-Canada highway been finally designated. There is a passable road east and west across Canada but it is in various stages of completion as regards grading, gravelling and paving. While a considerable mileage is hard-surfaced much of it is below modern standards and will have to be rebuilt. The following information is the best available and is based on information recently supplied by the provinces.

You will note that the information was supplied to the minister by the provinces. In other words, he had no official knowledge of the statistics. The answer continues:

The mileages shown as incomplete include road that is unpaved, or not graded to standard. It also includes approximately 220 miles of a trans-Canada route through Ontario along lake Superior, which is not yet built. An east and west road through Ontario has, however, been completed, but not all paved, on highways 17 and 11, via North Bay, Cochrane and Nipigon.

In answer to the question, what mileage is now completed and hard-surfaced in Canada, the departmental reply is, 1,997·5 miles. With reference to the mileage in each of the provinces, the following figures were given:

	Miles
Prince Edward Island	52
Nova Scotia	262
New Brunswick	272
Quebec	386
Ontario	427.6
Manitoba	37
Saskatchewan	40
Alberta	95.7
British Columbia	377

In addition, there are 48·2 miles of what might be termed trans-Canada highway in dominion government areas, various national parks along the proposed route.

I should like to place on *Hansard*, Mr. Chairman, with your approval, a consolidation of the lengthy statement of the Department of Mines and Resources on the state of trans-Canada construction, giving by provinces the total mileage, mileage complete, mileage incomplete, percentage complete, and percentage incomplete.

Some hon. MEMBERS: Agreed.

State of trans-Canada highway construction

Province	Total mileage	Mileage complete	Mileage incomplete	Per-centage complete	Per cent in-com-plete
P.E.I.	157	52	105	33	67
N.S.	315	262	53	83	17
N.B.	352	272	80	77	23
Que.	472	386	86	82	18
Ont.	1,302·8	427·6	875·2	33	67
Man.	295	37	258	13	87
Sask.	451	40	411	9	91
Alta.	302·7	95·7	207	31	69
B.C.	722	377	345	52	47
Totals	4,369·5	1,949·3	2,420·2	45	55

It seems to me as a citizen of Canada preposterous that we now call ourselves a middle-class nation when we have as yet no trans-Canada system, or even a recognized route on which the trans-Canada highway system may be some day built. Part of the difficulty, I assume, arises from our unwieldy constitution, if I may use that term, under which the provincial governments have within their prerogative the right to build highways where they please, but the practice has from time to time developed that certain roads are subsidized out of federal government contributions to the provincial governments generally on a fifty-fifty basis. With the growth of the country, it is preposterous that in order to get highway traffic between the eastern section and the west it is necessary for us to go through the Untied States, their national government having seen fit to provide out of the national revenue the funds necessary to make first-class roads.

Various political parties have in the past promised before elections that they would obligate themselves to the construction of a trans-Canada highway system. I do not intend to go over past election promises, but I think it is the almost unanimous wish of the citizens of Canada that we have good highways in these modern times and that the federal government should now take the lead in this very important matter.

I wish to put on the record a resolution which has been forwarded to the dominion government from my own constituency and which sums up the attitude in that part of the country. It is from the Saskatchewan tourist convention held in Regina on May 21 last:

This conference resolves that, regardless of the ultimate outcome of the dominion-provincial conference, an agreement be immediately arranged between Saskatchewan and the federal government for the construction of at least two east-west and at least one north-south hard-surfaced highways in Saskatchewan on the basis of federal responsibility similar to that followed in the United States federal highway system; and further be it resolved that the above programme be commenced this year and completed as speedily as physically possible, not deferring until such time as works of this character are considered necessary as an unemployment measure.

In the course of the discussion this afternoon I am sure reference will be made to the tourist business of Canada. Tourist agencies are set up all across the country for the purpose of attracting visitors to the playgrounds of Canada, which are internationally famous. But unless you fly—and then you must be prepared to take planes equipped with pontoons instead of wheels, so that you land on a lake instead of in a field—you cannot get to the various park centres of the country. The tourist business is recognized as an immensely lucrative one, and it will thrive better, in my opinion, if we make it possible for tourists to bring their families by the means considered modern, namely, the automobile. For tourist reasons as well as for the linking up of east and west in Canada, I suggest that when we prate of Canadian unity we should afford some opportunity for its realization physically through the intermingling of the people. We could reasonably ask the Minister of Mines and Resources to see that his department, or to suggest that some other department, take immediate steps towards implementing a programme for a trans-Canada highway system.

Mr. HERRIDGE: I wish to support very strongly the remarks of the hon. member.

The CHAIRMAN: Order. We are considering item 132, and I do not think the remarks in this regard are relevant.

Mr. GLEN: The hon. member (Mr. Probe) has to leave this afternoon and he asked me whether an opportunity could be given him to make his statement, having to do with a matter which does not come under this vote. I agreed, so that he might speak now.

Mr. MacNICOL: Is the subject open for discussion now?

Mr. GLEN: No. An opportunity will come later. I simply made a promise to the member for Regina City. I did not think there would be a general discussion now.

Mr. IRVINE: Would I be in order in bringing to the attention of the minister a protest from the Yukon territory in connection with a matter which comes under the department? I shall be brief. I have discussed it with the minister and therefore I need say little beyond stating the actual problem.

Mr. GLEN: That would come under 151.

Mr. FRASER: On the item now before us, I find in checking over the figures that the department this year has an increase of $4,856,623. The minister is supposed to be Scotch, and the Scotch are supposed to be tight in the spending of money. I think the minister should give reasons for this increase.

Mr. GLEN: This vote is of course reflected in other votes of the department. There have been increases in staff, and there is the cost of living to be considered, the question of salaries, and so on. During the war the department was not functioning in the manner it had done previously. The hon. member will find the details on page 134.

Mr. FRASER: Is this mostly in staff and increases in salaries?

Mr. GLEN: Not only that, but for the development of roads and the expansion of the activities of the department, national parks and various matters of the kind.

Item agreed to.

Mines and Geology branch—

135. Mineral resources investigations, $555,000.

Mr. MacNICOL: There is an increase as compared with last year and I am pleased to see it. This is one branch in which the department can spend money. Certainly if this country is to advance at all it will be necessary for us to open up every mineral field in Canada we can.

Since this vote calls for the opening up of mineral resources through investigations I should be glad to hear the minister tell us how many parties are going out this year and where they are going to investigate the mineral resources.

Mr. ARCHIBALD: I should like to bring to the attention of the minister the matter which I mentioned last night when the estimates of the Department of Reconstruction were under discussion. There is need of a movement to investigate scarce materials. Last night I said that a survey of the Ground Hog coal fields in northern central British Columbia should be undertaken. We up in that north country would like to have that field properly surveyed so that we may be able to draw on these resources in the future.

Mr. GLEN: The hon. member for Davenport asked a question with respect to the number of parties in the field. I have a long list here, but I think it should be dealt with when

we are discussing item 139. Will the hon. member allow his question to stand until we reach that item?

Mr. MacNICOL: Yes.

Item agreed to.

Mines and Geology Branch—

137. To provide for the fabrication, erection and equipping of a hydrogenation plant in the fuel research laboratories—engineering, design, etc., $50,000.

Mr. GILLIS: I notice that there is a reduction of $720,000 in this vote. I look upon this particular service as an important one for the future. I think it is a mistake to reduce the vote by that amount. Will the minister explain the large decrease?

Mr. GLEN: We had that vote before for the building of a hydrogenation plant, but after the war various opinions were obtained with regard to the processes then in vogue, and generally the picture became extremely confused. There was doubt in the mind of the department whether a hydrogenation plant would serve the purpose. We dealt with the matter by appointing a committee headed by Doctor Wallace of Queen's university, Kingston; Doctor Hopkins, vice-president of the Imperial Oil, and J. R. Donald, formerly director general of the chemicals division of the Department of Munitions and Supply. This committee held its sittings in Ottawa. It had evidence before it from experts who knew what the effect of a hydrogenation plant might be. They made a report to me which I hold in my hand, and which may be of interest to the committee. If the committee consents I shall place Doctor Wallace's report on *Hansard*.

Mr. GILLIS: Is it lengthy?

Mr. GLEN: Yes, about five pages.

Mr. MacNICOL: It would be worth reading.

Mr. GLEN: I think it would be better to place it on *Hansard*.

Some hon. MEMBERS: Agreed.

Pilot Hydrogenation Plant Committee
Terms of Reference

1. To review the petroleum resources of Canada, the United States and other countries with reference to future supplies for Canadian consumption, especially in the area of the prairie provinces;

2. To review methods and progress in producing synthetic liquid fuels in Germany, Great Britain, the United States and other countries with especial reference to actions of governments to produce or stimulate production of these fuels by research or otherwise, and the reasons for such actions;

3. To obtain information on the nature and extent of raw materials available in Canada for synthetic liquid fuel production and consider whether hydrogenation as presently known is a fully developed and practical process that can be applied to Canadian raw materials without further research and pilot plant tests;

4. To consider whether the production of synthetic liquid fuels in Canada is likely to be of future importance in the dominion's economy or for defence purposes and whether there is need for the dominion government to make the capital and operating expenditures necessary to carry on research and operation of a pilot hydrogenation plant to stimulate production;

5. To report to the dominion government what action, if any, the committee considers the government should take with respect to research on hydrogenation and erection of a pilot hydrogenation plant, taking into account the following questions:

(a) Whether a long period would elapse before it would become necessary to produce synthetic liquid fuels from Canadian coal;

(b) Whether Canadian oil companies can be expected without government research to undertake utilization of heavy refinery residues for production of lighter petroleum products;

(c) Whether the dominion government should stimulate production of motor fuels from Alberta bitumen by carrying on research into hydrogenation and by operation of a pilot hydrogenation plant;

(d) Whether the processes and economies of hydrogenation have been sufficiently determined to be applicable to Canadian raw materials, such as coal, crude petroleum, refinery residues and Alberta bitumen, without it being necessary for the dominion government to assist industry by pilot plant operation;

(e) Whether hydrogenation research is warranted and not too far removed from present-day Canadian problems to warrant dominion government expenditure.

Report of the Committee Appointed to Advise on the Proposal to Construct a Hydrogenation Pilot Plant by the Department of Mines and Resources

The committee, having heard and considered the facts and data which were submitted and which accompany this report, are reporting as follows:

Firstly—referring directly to the terms of reference, the committee have the following comments:

1. There is no world shortage of petroleum nor in supply of crude petroleum from the gulf coast regions of the United States or from South America. There is, however, a possible future shortage from the mid-continental regions of the United States, and conservation policies may limit future exports from the United States.

The crude oil required by eastern Canada and British Columbia, constitutes some 80-85 per cent of the total Canadian requirements, has been imported from the United States and South America. From the data given a larger proportion of the future imports for eastern Canada may come from South America or other countries than the United States, but no shortage of supply is envisaged for some considerable time.

The prairie provinces' requirements are at present largely supplied from Alberta production which is, however, declining. Consequently, new sources of crude oil for the prairie provinces are required.

2. Production of synthetic liquid fuels from coal has been developed further in Germany than in any other country, in large measure due to a policy of national self-sufficiency. Great Britain has also established synthetic

liquid fuel production from coal. Both Germany and Great Britain used high pressure hydrogenation technique, although in Germany the Fischer-Tropsch technique was also being used. On the data presented, cost of synthetic liquid fuels from coal in Great Britain and Germany exceeded cost of imported petroleum.

No commercial synthetic liquid fuel plants have been established in the United States, although both government and industry are undertaking large scale research in this field. United States research programmes into synthetic liquid fuels from coal are based on long-range planning rather than on immediate use, and both hydrogenation and the improved Fischer-Tropsch technique are being studied.

Processes for the production of synthetic liquid fuels from natural gas have been developed by industry in the United States, making use of the fluid catalyst technique and an improved Fischer-Tropsch catalyst, to a point where manufacture is claimed to be commercially feasible with low cost natural gas.

3. The raw materials available in Canada are natural gas, natural bitumen from the oil sands of Alberta and coal. Plentiful supplies of coal suitable for hydrogenation are available in the prairie provinces and there are substantial coal reserves in the maritime provinces which are also suitable. The oil sands of Alberta are a large potential supply of bitumen. The natural gas reserves of Alberta and of western Saskatchewan are large and recent developments suggest that they may be sufficiently large to prove an important source of raw material for synthetic liquid fuel for the prairie provinces.

High pressure hydrogenation, as developed in Europe, is not directly applicable to natural gas. A high pressure hydrogenation plant, based on European technique, could probably be designed in Europe for treatment of either bitumen or Canadian coals, although, in either case, large scale tests in Europe would first be desirable. Alternatively, pilot plant tests are required in Canada or the United States.

An improved Fischer-Tropsch process for treatment of natural gas as already stated, has been developed in the United States and pilot plant operations have been established. It can be considered a feasible commercial operation.

4. Production of synthetic liquid fuel in the prairie provinces at reasonable cost will be of importance to the prairie economy and, consequently, to Canadian economy within a comparatively short period unless new oil fields are discovered in the prairie provinces or in the adjoining states to the south.

Synthetic liquid fuel production in eastern Canada and on the Pacific coast appears unlikely to be of importance for some time to come.

5. On the basis of the evidence and data submitted while the committee feel that further research and experimental pilot plant work should proceed in the field of synthetic liquid fuels, they also feel that further study must be undertaken before final plans can be developed which will ensure best results from the proposed expenditure.

Secondly—In addition to answering the terms of reference 1-5 specifically, the summary and conclusions of your committee are as follows:

1. Synthetic liquid fuel research would primarily apply to the needs of the prairie provinces.

2. The supply of crude petroleum products from the prairie provinces will in all probability prove inadequate for the prairie needs, as the reserves in known domestic fields will not meet the increasing demand.

[Mr. Glen.]

3. Sources of raw material for synthetic liquid fuels in the prairie provinces are natural gas, bitumen from the Alberta oil sands and coal. In any research project which may be undertaken, the relative availability and value of these three resources of raw materials must be continuously kept in mind. Further study is needed on this comprehensive level.

4. The synthesis of gas to liquid fuels is being actively investigated at the present time in connection with commercial installations. Costs are lower than for either coal or petroleum. Assuming adequate supplies, natural gas would appear to be the most suitable source of synthetic liquid fuels for the prairie provinces.

5. Recent work in the United States applying to fluid catalyst technique is of such importance that it must receive further study and consideration before any final decision can be reached as to the type of pilot plant which might be installed for experimental work on bitumen or coal.

6. The United States is planning large scale research on synthetic liquid fuels from coal by both direct hydrogenation and by Fischer-Tropsch technique. If close cooperation is maintained with this work, research in Canada might very properly be directed to the utilization of bitumen from the Alberta oil sands.

7. Inasmuch as the evidence submitted indicates that cost of separating the bitumen from the oil sand is at present too high for economic utilization and inasmuch as separation and processing must be dealt with together, further research of the relative value of bitumen as compared with coal as a raw material should be undertaken before a major programme is instituted.

8. The considerations in favour of establishing an experimental pilot plant in the west near the source of raw material and where future commercial operations might be undertaken should be again carefully reviewed before a decision as to location is finally reached. Integration of the pilot plant operations with the existing government synthetic gas ammonia plant at Calgary should also receive the most careful consideration.

9. It is the opinion of your committee that further study must be given to the problem of synthetic liquid fuel research as a whole before final plans are initiated; and that it will take at least six months to obtain the necessary information dealing with raw materials, processes and United States research programmes. In this connection your committee would point out that, even by making use of existing plans, it would probably take about two years to complete designs, let contracts and erect a large scale pilot plant. In the further studies that are, in your committee's opinion, required, the cooperation of industry should be secured in order that duplication of effort may be avoided and the most suitable research plan and pilot plant may be developed.

10. Having in mind the basic importance to Canadians of fuel problems in general and the fact that research work in the field of synthetic liquid fuels is closely related to and common to other fuel problems, your committee recommend the establishment of a fuel research board representative of the Department of Mines and Resources, the national research council, the research council of Alberta, and private industry, which should direct an overall programme of fuel research. Synthetic liquid fuel is one of the more urgent problems to be dealt with.

11. The members of the committee wish to record their warm appreciation of the able presentations by officers of the department and by officials from the United States and from

private industry in Canada. The information which they supplied is given in full in the typescript which accompanies this report.

Signed: Robert C. Wallace
J. R. Donald
March 12, 1946. Oliver B. Hopkins.

It is the intention of the department to implement that recommendation and to make the appointment of a fuel research board for this purpose. In view of the further study that the committee considered should precede the development of plans for a synthetic liquid fuel pilot plant, the laboratory building item previously in the estimates of the Department of Public Works has been dropped for the present. Of the vote of $770,000 which stood in the mines and geology branch estimates for equipping of the plant, a revote of only $50,000 is required in order to maintain and preserve what is already in the hands of the department. This will be used for remodelling the present small scale equipment so that it can be employed for experimental work. I can tell the hon. gentleman that we are very seriously concerned. I did not want to spend $770,000 when it was not confirmed that we would receive any value from it afterwards. In the light of the evidence which was given before the committee and the recommendations they made, we thought we would defer the spending of money until we were sure that we would get the results from it. As I say, we intend to confirm that with the fuel research board and pursue the matter further and develop it the best we can in the light of actual circumstances which we now know since the war.

Mr. GILLIS: I notice that it is a hydrogenation plant.

Mr. GLEN: Yes.

Mr. GILLIS: Has the department given any consideration to the method of processing fuel known as low temperature carbonization?

Mr. GLEN: Yes; I am informed that studies of that have been made.

Mr. GILLIS: The department is not concentrating completely on the hydrogenation process?

Mr. GLEN: It will be found from the discussion before the committee to which I referred that all phases of fuel problems were discussed. We are not directing our activities solely to the one process of hydrogenation. We shall get the best we can before spending money, in order that we shall have something worth while in the end.

Mr. GILLIS: Personally I am in favour of the low temperature process. I am not going to go into that at any length at the moment, but I believe Canadian fuels are adaptable to the low temperature carbonization process. It is workable. One can get a practical demonstration of it in Burlington, Ontario. A man by the name of Caunt has a pilot plant there. He has been in Ottawa for many years trying to sell the idea. Personally I am sold on it. I have read considerably on it. Germany had a method of processing fuels, and it is used to a great extent in the old country. If we are to be successful in fuel research, low temperature carbonization is the method which should be applied to Canadian fuels. When the board is set up I hope the minister will see to it that due consideration is given to the low temperature process.

Mr. GLEN: Yes.

Mr. MacNICOL: Perhaps I am one who was partly responsible for the first vote for a hydrogenation vote being placed in the estimates. At that time the question was the probable advantage of having a hydrogenation plant to extract the oil from the tar sands of northern Alberta, and also to apply the same process to Nova Scotia coal to extract oil therefrom. The war was on at the time, and hon. members will remember that there was very little oil in the country. A number of people believe that the hydrogenation method used in Germany which gave perfect satisfaction could be used in this country. I remember saying on one or two occasions that when the war ended—

Mr. GLEN: The hon. member is referring to the Fischer-Tropsch process.

Mr. MacNICOL: Yes. I remember saying on one or two occasions that we should make an effort to obtain from Germany one of their hydrogenation plants, because they were producing 300 million barrels of oil a year out of coal. If they could do it, we can do it. Has the minister any information as to the probability of Canada obtaining one of the German hydrogenation plants as part of our portion of what we should get out of the war?

Mr. GLEN: Doctor Warren of the department was sent to Germany and he made a study of these matters and brought it before the committee of which I have already spoken. It was one of the subjects of discussion. In the light of that discussion and of other evidence that was given, we thought it best that research should be made not only in connection with that process but in connection with all forms of synthetic fuel processes.

Mr. MacNICOL: Did Doctor Warren and the party he was associated with investigate hydrogenation processes in the United States?

Mr. GLEN: Yes, in the United States as well.

Mr. BLACKMORE: How long will it be before a report can be expected from this committee in order that we may hope to have some action in Canada?

Mr. GLEN: The committee is just in the course of being set up, and I could not state any length of time in which we could expect to have a report. It is a very involved matter and expert knowledge is required. We want to be sure that what we are doing is the correct and proper thing to do.

Mr. BLACKMORE: I should like to express approbation of the minister's action in setting up this committee. May I urge that a good deal of expedition be shown so that we shall not be too long in getting at this matter. I believe this is of great importance in connection with our national existence. We must try to work out some means of processing coal and getting fuel into Ontario and Quebec. I should like to see action taken as speedily as possible.

Item agreed to.

Mines and Geology branch—
139. Geological surveys, $500,000.

Mr. ADAMSON: How many geological surveying parties are out, and just where are they working?

Mr. GLEN: I have a long statement here which I could put on *Hansard* if it would satisfy the hon. gentleman.

Mr. ADAMSON: It would.

Mr. GLEN: This gives the names of the provinces and the territories, the particular area, district and the name of the officer in charge.

Mr. ADAMSON: That would suit the case. I think this matter should be made public, and that is the best way of doing it.

Mr. GLEN: The statement follows:

GEOLOGICAL SURVEY FIELD PROGRAMME, 1946-47

Province or territory	No. of parties	Area or district	Minerals sought	Officer in charge
Northwest Territories	6	Camsell River	Rare Element Investigation	C. S. Lord
		Great Bear Lake	Rare Element Investigation	Y. O. Fortier
		Great Bear Lake	Rare Element Investigation	M. Feniak
		Lac de Gras	Metallic Minerals	R. E. Folinsbee
		Indian Lake	Metallic Minerals	M. S. Stanton
		Yellowknife	Metallic Minerals	J. F. Henderson
Yukon	3	McQuesten	Metallic Minerals	H. S. Bostock
		Dezedeash	Metallic Minerals	E. D. Kindle.
		Whitehorse	Metallic Minerals	W. E. Cockfield and J. G. Fyles
British Columbia	6	Salmon Arm	Metallic Minerals	H. M. A. Rice
		Ashcroft	Metallic Minerals	S. Duffell & J. L. Usher
		Ashcroft	Metallic Minerals	K. C. McTaggart
		Nanaimo-Comox	Coal	A. F. Buckham
		Aiken Lake	Metallic Minerals	E. F. Roots
		Carp Lake	Metallic Minerals	J. E. Armstrong and J. W. Hoadley
Alberta	8	Moon Creek	Petroleum	E. J. W. Irish
		Moberley Creek	Petroleum	A. H. Lang
		Chinook & Grayling Creek	Petroleum	O. A. Erdman
		Callum Gap and Langford	Petroleum	R. J. W. Douglas
		Stratigraphic studies general	Petroleum	G. S. Hume
		Various areas	Ground Water Supply	J. S. Stewart and B. A. Latour
		Scabby Butte	Vertebrate collections relating to petroleum.	C. M. Sternberg
		Taber	Petroleum	J. S. Wonfor
Saskatchewan	3	Lake Athabaska	Rare Element Investigation	A. M. Christie
		Lake Athabaska	Metallic Minerals	J. B. Mawdsley
		Unity	Petroleum	R. T. D. Wickenden
Manitoba	3	File Lake	Metallic Minerals	J. M. Harrison
		Grass River	Metallic Minerals	C. H. Stockwell and M. W. Frarey
		Souris	Ground Water Supply	E. C. Halstead
Ontario	2	Southern Ontario	Petroleum and Natural Gas	J. F. Caley
		Lake Simcoe	Ground Water Supply	R. Deane
Quebec	6	Haig Pershing Tps	Metallic Minerals	G. W. H. Norman
		Beauchastel and Dassarat Tps	Metallic Minerals	C. H. Stockwell
		LaCorne and Piedmont	Metallic Minerals	L. P. Tremblay
		Coaticook	Metallic Minerals	H. C. Cooke
		Ungava	Iron	T. L. Tanton
		Noranda	Metallic Minerals	M. E. Wilson
New Brunswick	1	Grand Manan	Metallic Minerals	F. J. Alcock
Nova Scotia	2	Moira Lake	Metallic Minerals	L. J. Weeks
		Chimney Corner	Metallic Minerals, Coal	H. L. Cameron
	40			

Mr. MacNICOL: Would the minister care to make a brief statement as to the result of the geological investigation east of the Yellowknife toward Artillery lake?

Mr. GLEN: I have no information with regard to the district east of the Yellowknife, but there are many prospectors going into the Yellowknife now, and indications are that the area toward the east is a fertile field for further investigation and development. We have not dealt as yet with the area to the east of Yellowknife, because we have been concentrating mostly on the Yellowknife area itself. I think there is a party in there now.

Mr. MacNICOL: As far as Artillery lake?

Mr. GLEN: I do not know the place where it is, but I do know it is east of the Yellowknife and toward the district my hon. friend has in mind. We have no data at the moment on which to arrive at any conclusions as to what may be the possibilities of that particular territory, and I presume we will not have for some time to come. As I say, there are many prospectors in there drilling and doing other work and they feel that this is a large favourable field for mineral deposits.

Item agreed to.

Mines and Geology branch—
141. Drafting and map reproduction, $150,000.

Mr. MacNICOL: I am in favour of the increase in this vote. This branch of the department is one that we all can be proud of, and I suggest that hon. members visit this branch. If they do they will see map-reproducing instruments, as good as any in the world, which have been made by young Canadians in that branch. They are doing a wonderful job, and I made up my mind that at the first opportunity I would compliment the department upon having the staff it has in the drafting and map reproduction branch.

Item agreed to.

Mines and Geology branch—
142. National Museum of Canada, $72,000.

Mr. CAMPBELL: I should like to direct the attention of the government to a museum which I think is unique in the history of museums in this country. It was started by a group of local people in Battleford in an effort to preserve an old Northwest Mounted Police barracks originally built in 1876 and used until about 1926 by the Northwest Mounted Police. Since then they have not been in use and had started to decay. A group of patriotic citizens who were interested in preserving historic sites in Saskatchewan and through the west got together and decided that they would rebuild this old fort and make it a memorial and museum. This group is composed of citizens from all walks of life and it is non-political in character. The members are interested in saving relics of the early days of western Canada. I should like to give the names of some of these prominent men. Under administration there is the honorary president, Honourable J. L. Phelps; president, A. D. Connon; vice-president, Frank Swon, and secretary-treasurer, Campbell Innes. I might say that Mr. Innes is a school inspector and is one of the leading spirits in this idea. The members are divided up into a number of committees which look after the direction of this project. In the buildings and palisade committee are H. C. Adams, Battleford; Paul Prince, Battleford and Chas. Tubb, North Battleford. Another committee looks after the grounds, which comprise about forty acres situated on a plateau in the form of a "V". It overlooks a large part of the country. Judge Bence, of Battleford, is in charge of the grounds. They intend to make those grounds an attraction for the public. Recreation is under Doctor J. T. Cairns, of North Battleford. At the head of the painting and films division is Mr. R. Lindemere of North Battleford. He is a painter, and makes a specialty of painting Indian scenes. In charge of education and policy is Judge R. B. Mills of North Battleford. In charge of the library is Canon H. E. Hives, Battleford; and Miss P. M. Wesson is in charge of western drama. These names give some idea of the type of people who are supporting this plan. Some of those buildings have been torn down and used to fit up some of the other buildings. The palisade which was built around the original fort is to be rebuilt, using the old fashioned gates to match the palisade which was there in those early days.

To give some idea of their aims I shall read part of a letter which they have been sending out.

In the year 1876 the Battleford mounted police post was established by Colonel James Walker and linked up with such posts as MacLeod, Ft. Walsh, Calgary, Edmonton, Carlton and Swan river. This force served the north-west council 1878-1881 at Battleford. It served the Department of Indian Affairs. From this point its force went forth to battle at Duck lake, Carlton, Cutknife, Fort Pitt and Frenchman's Butte. Later, during the settlement days, it became a stabilizing and encouraging factor in our civilization. This locality is the home of the Cree Indian. In the early days it successfully held back the Blackfoot. There are also tribes at Saulteaux, Assiniboine and Sioux, with their long history and cultural development. The Indian agency office is still located here. The little red brick building which, served as an office is still standing on the north west council hill. Such early explorers as McGilli-

vray, Pink, Cocking, Frobisher, Pond, Henry, Pangman, Umfreville, Thompson and Harmon passed up the North Saskatchewan and crossed to the Beaver river and Isle à la Crosse to Churchill. Their fur post sites are still to be seen. It has been a pleasure to search for these and have professor A. S. Morton come up from Saskatoon and check them over. These posts should be rebuilt or remarked, and the thrilling story of early fur days retold: Manchester House, Pine Island Post, Eagle Hills Post, Turtle Post, Buckingham House. The rich fur and pemmican trade of the Hudson's Bay and North-West Company was centred in this part of the Saskatchewan river and at Green lake, Isle à la Crosse, Prince Albert and Edmonton. As our young citizens grew up in the midst of this rich romantic and sacrificial story they too caught the spirit of enterprise. Such localities gave their best youth to the first and second world wars when the call came.

Peace has come again to our beloved Canada. A new youth is re-examining our national life. It asks, "How can harmony, brotherhood and culture be advanced and what shall we save in a new civilization?" Shall we study the social and economic factors of our localities in such a way to engender love for nobler purposes and make the land blossom and sing? It is a land with a tradition and a promise. What shall be done with these historic spots? Once more we have asked the government to help. The Saskatchewan government consented to renovate the famous mounted police barracks. This cluster of some dozen buildings has been standing idle since 1923. The superintendent's house, the inspector's house, the gaol, the hospital, stable and mess room are to be saved.

It was originally intended to take down the mess room. But they have been receiving so many relics and so many things they would like to save that it has now been decided to try to save this building so that it may be used as a museum. My purpose in rising this afternoon is to ask the government to make a small grant toward having a museum in that building. The letter continues:

The renovation work commenced in August 1945. Two of the main buildings are ready for use. Our citizens suggested a mounted police memorial and Indian museum. The government accepted this plan provided citizens would furnish and equip this memorial and museum. The challenge was accepted. Men and women of training and ability offered to help, plan, equip and interest their fellow citizens. Our plans are well advanced. Our letterhead shows the divisions and the names of chiefs. It is being added to continually. Citizens are being asked to furnish the necessary funds. This endowment fund will be used to furnish and operate this memorial and museum.

I could go on to tell more about the project, but I do not wish to take up too much time. I hope that the government will take an interest in this museum, because as I said at the outset, it is unique; there is nothing to match it in Canada. It would be a shame if these old historic forts were allowed to go to rack and ruin and finally disappear. If we can save them and make use of them in a cultural and educational way I am sure it will be worth while. If the minister will see that there is something placed in the estimates, only one or two thousand dollars to help finish the project, it will be deeply appreciated by the people in that district.

Mr. GLEN: The hon. member has already spoken to me about this. I shall place this matter before the historic sites committee, because it would come under their control.

Mr. MacNICOL: I would ask the minister and his officials to consider whether the time has not arrived when we should have a large national museum here in Ottawa. Many precious materials found throughout the country, which can be traced to pioneer days, are now being lost. Large quantities of new materials, on the other hand, are being discovered. A national museum in Ottawa would house those priceless relics. Only to-day I was talking to a former employee of the government about communications instruments. They comprise only one group. There are multitudes of other types of materials; and we should have all these early Canadian relics of one kind or another displayed in the national capital.

As we get along further I should like to see a building of that kind, and plans could be organized now. One such building is to be seen in Washington. There they have a national museum to display the vast relic treasures of their country. In Canada much of this is being lost because of the lack of an appropriate place in which to put it.

Item agreed to.

Mines and Geology branch—

538. Aerial photography, $1,350,000.

Mr. MacNICOL: The department should receive commendation for its aerial photography. That branch is doing a marvellous work. I met departmental photographers in the far north, and I have reason to know that they are doing wonderful work. The maps which trace out what they have seen from the air are to be seen in the old map building on Dalhousie street. It is apparent to the department and to the country what these men have done from the time they began to take aerial pictures.

Item agreed to.

Mines and Geology branch—

540. Maintenance of plant of Abasand Oils Limited, $50,000.

Mr. MacNICOL: Is the minister going to make a statement on this item?

Mr. GLEN: The hon. gentleman has spoken to me about this project, in which he has been very much interested for many years. The hon. member for Athabaska is also much in-

terested. I reviewed the project last year. The government undertook as a war emergency project to finance rehabilitation of the plant of Abasand Oils Limited, near Fort McMurray, Alberta, and to carry out pilot plant operations on the mining and treatment of bituminous sands. Test runs of the renovated separation plant commenced in June, 1944, and a considerable amount of information was gained regarding the process which the Abasand Company had used prior to the agreement with the government, namely, the McClave hot-water process of separating bitumen from the sands. Early in 1945 a new method of recovering the bitumen was being developed and appeared to have definite advantages, as separation was performed at room temperature with a very considerable economy in heat consumption. Equipment installed for this new process was about to be brought into operation when the separation plant, workshops and warehouse were destroyed by fire on June 16, 1945.

In my review of the project I pointed out that although the cost data obtained could not be regarded as conclusive the approximate estimates indicated that commercial utilization of the sands depended not only on securing much lower costs of mining and treating the sands, but upon processing the extracted bitumen so as to produce a large proportion of the high-priced petroleum products. A large scale refinery, of the order of 10,000 barrels a day capacity and employing either a catalytic cracking or hydrogenation process, was seen as necessary for low cost operation.

The government entered upon the project under the stress of a wartime emergency requiring every effort to be put forward to obtain oil supplies. Abasand Oils Limited transfererd its properties, mining rights and process rights to the government for the sum of $1 under the agreement, which is to terminate 180 days after the date of proclamation by the government that the state of war has ceased. The deferred settlement provisions of the agreement give the government the right to pay Abasand Oils Limited for its properties, mining rights and processes as existing when the agreement was entered into. If the government does not wish to exercise its option the company has the right to reassume the titles to its properties and mining rights and processes, and to assume ownership of the government's investment in plant, by making suitable settlement with the government for its expenditure. If neither party desires to exercise its option, the agreement contains provision for disposing of the plant and rights and for apportionment of the proceeds as the respective interests may appear.

The government did not purchase the ownership or stock of Abasand Oils Limited. Under the agreement the company placed its titles in the hands of the government and it entered into the position of being an agent or contractor in expending government moneys, through its board of directors, on improving the plant and operating it to develop tar sands treatment processes. The company is still a private corporation fully entitled, if the government does not wish to pay for its assets, to recover its business.

Good reason would not seem to exist for the dominion government remaining in an oil enterprise in peace time. The government, therefore, has not proceeded with financing the rebuilding of the separation plant destroyed in the fire, although the board of directors have desired to rebuild and install the new separation process for operations at an approximate capacity of 600 tons of sand per day. The proposal submitted by the board was that the government should provide $700,000 for rebuilding and operation of the plant for one year and that moneys recovered from fire insurance should be applied towards this proposed expenditure. The board maintained that it was necessary to have operations extend over a period of one year in all types of weather in order to demonstrate that a successful separation process has been achieved and that without such a demonstration by the pilot plant the investment by private enterprise of many millions of dollars for establishment of a large-scale refinery could not be expected. The board also expressed the view that abandonment of the project by the government would not only delay development of the tar sands resource but would destroy any hope of salvaging the investment not only of the government but of private enterprise. Abasand Oils has stated that its investment in plant and rights, before the government entered into the agreement, amounted to well over a million dollars.

The position of the Abasand project is that out of allotments of $2,300,000 from war appropriation and war and demobilization appropriations in the fiscal years 1943-44, 1944-45 and 1945-46, expenditures of $1,949,077.52 had been made to March 31, 1946, and revenues of $28,784.99 had been received and deposited in the consolidated revenue fund. The net expenditure to the end of the last fiscal year was, therefore, $1,920,292.53. Since the end of the fiscal year there has been

received and deposited in the consolidated revenue fund proceeds of insurance amounting to $374,676.55. After credit of the insurance proceeds the net outlay of government on this project to March 31, 1946, has been $1,545,615.98. By means of this expenditure the government has assisted the company in developing mining methods and in the development of a partly-proven new separation process, and has a substantial investment in a rebuilt refinery, power plant, and office and townsite buildings.

With the close of hostilities the wartime emergency in which the Abasand project had its inception came to an end. Consequently, negotiations are now being carried on with the Abasand board of directors for the return of the company's mining rights and titles on a basis which would give the government a reasonable and equitable eventual settlement for its investment if future operations should prove successful. In these negotiations full cognizance must be taken of the company's contractual rights under the agreement and of its right to a part of the insurance proceeds representing original company property destroyed in the fire.

Pending the conclusion of an equitable arrangement with Abasand Oils Limited the government continues to hold the titles and to be responsible for the properties and rights. Because of the obligation incumbent upon the government until the titles and rights are returned it has been necessary that the estimates contain a provision of $50,000 for maintenance of the plant.

Subsequent to that, drilling took place in the Abasand fields which showed that there was liquid bitumen there which gave hopes that there might be some degree of success in operating these sands, and a request was made of the department that we should not now discontinue drilling operations because there were favourable prospects in several of the holes which had been drilled. If we had stopped operations then and subsequently had attempted to drill the sands again, our staff and equipment by that time might have disappeared. The company therefore proposed and we accepted that, rather than drop the project, we would explore the possibilities of liquid bitumen in these fields, which if it was in sufficient quantities might be a good commercial prospect. Accordingly, in the next item, 541, I am asking for a sum of money for drilling in these sands. If that is successful, and the company seems to be hopeful that it will be, I may say bluntly that we expect that this will be the last operation the government will undertake in these fields.

[Mr. Glen.]

We are drilling now. Some reports though not all, have been received. There is, if not a considerable hope, certainly a degree of hope that they may find there liquid bitumen which, if in sufficient quantities, would probably make this a prosperous commercial field. When that $100,000 which has been asked for is expended the results will be given to the company, and they are hopeful that they can carry on and expend their own money with advantage. They spent about a million dollars on the project before the government entered into it, and they are willing to take the chance of going ahead and operating as a company, and the government will then step out of the picture. I thought the committee ought to be informed of this. The company has been the subject of a good deal of comment and many optimistic opinions have been expressed. I am sure that what has been done by the government in exploring this area will be of benefit; and we feel that, having done this, they can take over. In the meantime we will transfer the titles of the properties to them, and pay to them a portion of the insurance money which we now hold and to which they may be entitled, the money to be paid over when the settlements are being made.

Mr. MacNICOL: Owing to the lateness of the session I shall speak very briefly. I should like to go into the whole story, but not now. When the estimates of the Minister of Reconstruction and Supply were before the house I promised to go into the matter, but it is now too late.

The whole business connected with the government operation of the Abasand is a tragedy of the first water. I am happy to hear that the government is going to get out of it, apart from continuing to drill the sands to ascertain if there is oil or rich bitumen there. With that decision I am in hearty agreement; it is related to vote 141. The minister knows that I have been up to that plant on several different occasions. He has said that definite results have been obtained. As far as I know from those on the job there are no worthwhile results; no definite results have been obtained; and this is borne out by one of the minister's last statements in reference to the new plant which was burned down before definite results were obtained after it was brought into operation. That is true. The establishment was burnt down almost on the day it commenced operation. That was the third plant erected up there. It is an evidence of the impossibility of trying to operate any commercial enterprise from three or four thousand miles away—that is, from Ottawa. I am not finding fault with anyone in Ottawa who had to do with it.

Those here did their best, but they could not be up there and in Ottawa at the same time. I for one am very glad to know that the government is getting out of it and will give a private company a chance to take it over and, if they wish to do so, build a new plant; that is what is required.

As the minister has said, the country itself has already put up a net amount of $1,545,000, after deduction of insurance from the gross amount, and that is enough for us to put into it, outside of the drilling of the sands. My recommendation would be, since the government have all the equipment up there and have contractors on the job, that they continue to drill over the area which is now being drilled over to prove the richness of the deposits, near Steep Bank river. The Alberta government took over the former Fitzgerald plant, about forty miles down the river from Fort McMurray. There they have obtained very good results. When I was last in Edmonton I went to the university to see their new process, from which they expected to obtain better results; but the tar sands are not something to be guessed at. I do not for a minute say that no one has a process. If I get away from here in time I intend to visit a gentleman whose name was mentioned, Mr. McClave, who is now engaged in California taking oil out of the tar sands. I am thoroughly conversant with his process, and, contrary to what the minister read, the McClave process is a good one. I have that from men who have been in the tar sand business for many years. But no one can tell the worth of the process on which the government has spent so much money. I am not going into that matter because it is past and gone. As I have said, I am so pleased to hear the minister say that the government are getting out of it, but that they are going to continue drilling down the Athabaska river near Steep Bank river, which is a small river that flows in on the right bank of the Athabaska river, that I shall refrain from pursuing any further this Abasand business at present and am prepared as far as I am concerned to let these items go through.

Item agreed to.

Mines and Geology branch—

545. Investigations of radio-active ores, $60,000.

Mr. ADAMSON: What is the procedure if a prospector in the normal course of prospecting discovers a deposit of radio-active material? There are, Mr. Chairman, a number of materials outside the uranium group with radio-active properties. Thorium is one; there are many others. What does the government do? Does the government take steps to find these deposits, and what does it do when a radio-active deposit is indicated? I ask this because I feel that we are not doing enough for the discovery and development of radio-active deposits. I should like to know and I think the country would like to know the policy and the machinery which the government has set up.

Mr. GLEN: The matter to which the hon. gentleman refers is under the control of a committee, I am informed, which deals with it under statutory authority. He will know generally, as I do, the provision under which uranium discovered within Canada belongs to and is under the control of that committee; no one can deal with the material except under the control, I would imagine, of the Department of External Affairs.

Mr. ADAMSON: My question really is this. A deposit of radio-active material is discovered: what happens? Does the government step in and say, "We will buy this from you"? "We will prohibit you from developing it"? Or, "We will develop it ourselves"? Or does it say, "We will allow you to develop it and will control the end product"?

Mr. GLEN: I am informed that the regulations relating to the question asked by the hon. gentleman have not yet been completed, that they are still being considered under the atomic energy board. Until they arrive at a decision I cannot give any information.

Item agreed to.

Mines and Geology branch—

546. Investigations in mineral economics, $30,000.

Mr. BLACKMORE: What is the purpose of these investigations in mineral economics, and what has been achieved by them in the past? Why is it considered worth while to spend money on them? It is not easy for an ordinary member to get a comprehension of what is involved.

Mr. GLEN: I might give a brief explanation of the vote. The chaotic conditions in which the world finds itself at the close of world war II necessitate continuous investigation of the economic effect these conditions are likely to have on Canada's mining, metallurgical and allied chemical industries.

In the immediate post-war period and for some time afterward, many problems will confront these industries; those that will be paramount will be economic, not technological. Consequently many studies must be made in anticipation of problems that bear upon home and foreign markets for Canadian products, Canada's mineral position relative

to that of other countries, Canada's mineral reserves and mineral deficiencies, operating costs, cartels, competitive products, subsidies, new uses for minerals and mineral products, et cetera. More valuable assistance could, too, with this increase in activities, be given to the departments of Finance and National Revenue in problems of the character concerning which they ordinarily solicit the help of the mines and geology branch.

Because the existing staff of the division of economics could satisfactorily handle only a relatively small percentage of the problems enumerated above, the cabinet committee on reconstruction, on the recommendation of the Minister of Reconstruction, approved on May 18, 1945, a commencement of this work, and on July 23, 1945, treasury board approved a temporary establishment of eight positions. Four of these positions have been filled, and the remainder will be filled as quickly as suitable appointees become available.

Item agreed to.

Mines and Geology branch—
922. To provide for investigations of petroliferous deposits and potential petroliferous areas in Canada—further amount required, $100,000.

Mr. GLEN: This is the $100,000 that is now being used in the drilling of the tar sands in addition to the $50,000 in the main estimates.

Mr. MacNICOL: Is the minister sure that the $150,000 can be used, or has it been already spent?

Mr. GLEN: I am not anxious to have it spent unless it is absolutely necessary. If the results from drilling are such as to justify the company taking over and the government dropping out, we will stop and save as much money as we can. But we will drill as much of the property as is necessary.

Mr. MacNICOL: The information I had from a gentleman in the department in whom I have every confidence is that in a number of these drillings down the Athabaska river in the vicinity of Steep Bank river have been found rich deposits of almost pure bitumen.

Mr. GLEN: That is the area they are trying to prove.

Mr. MacNICOL: It is apparently a reservoir of oil or bitumen. If that is so it is worth while.

Item agreed to.

Lands, Parks and Forest branch—
143. Branch administration, $25,150.

Mr. ZAPLITNY: There are a number of questions I want to ask under this head, and perhaps I might start with the parks. What measures are being taken to prevent and control fires in the national parks? I have a newspaper clipping which came to me recently from the Dauphin *Herald* in which it is stated that from 1935 to 1944 over $780,000 in value was lost by fires in the national parks. There were 653 fires which burned out 432,574 acres, destroying 84,000 board feet of lumber and 495,000 cords of wood. Reference is made also to loss of animal and bird life.

Mr. GLEN: That will come more appropriately under 158.

Mr. ZAPLITNY: I will wait until we reach that item then. The next question has to do with timber limits in the national parks. Some are listed as timber licences and some as timber permits. I have been looking through the regulations and perhaps the minister can tell us in a general way what is the chief difference between the licence and the permit in the matter of timber limits.

Mr. GLEN: The licence is issued for a berth; permits are issued for the individual. I think that is the distinction between a licence and a permit.

Mr. ZAPLITNY: In other words, a licensee is a person or a company who applies for a berth?

Mr. GLEN: Yes.

Mr. ZAPLITNY: Is a licensee and a permit holder treated in the same way in the matter of sale of their products? The licensee may sell the products of his mill to retail merchants in a wholesale way, or may retail it to his customers. Is a permit holder permitted to sell his lumber in the same way, or is there any restriction on the way in which he must dispose of his lumber?

Mr. GLEN: The licensee can sell his products in the retail and wholesale trade, as the hon. gentleman has decribed, but not the permit holder. He cannot sell; it is for himself only.

Mr. ZAPLITNY: What is the maximum size of a timber berth which a licensee can hold and what is the size which a permit holder can hold?

Mr. GLEN: No timber berth licences are now being given in any of the national parks; that is a thing of the past, the policy which was in effect when the park was created, and we do not propose to continue it. The timber in the parks is subject to the regulations of the parks and is dealt with from the parks point of view, not from the point of view of any licensee.

Mr. ZAPLITNY: Under present conditions there are still a number of limits which are held by licensees within the parks?

Mr. GLEN: Yes.

Mr. ZAPLITNY: Is there any limit on the maximum size of the berth which has been obtained? Is it limited to a certain number of square miles or not?

Mr. GLEN: There is no limit. These were licences that were given many years ago.

Mr. ZAPLITNY: I understand that. Are the regulations, a copy of which I received from the minister's department, which were reprinted in July, 1929, still in force in connection with licensees and permit holders?

Mr. GLEN: There has been no change made in the timber berth licences. Some regulations have been made with regard to the conduct of the individual working the berth.

Mr. ZAPLITNY: Does that mean that the fees which are charged licensees and permit holders are the same now as are indicated in the regulations of 1929?

Mr. GLEN: Is my hon. friend asking about the rate of dues?

Mr. ZAPLITNY: Yes.

Mr. GLEN: No change in the rate of dues on timber berths.

Mr. ZAPLITNY: Do the same rates apply to timber berths within Indian reserves, or do they come under a different set of regulations?

Mr. GLEN: A different management and a different set of regulations.

Mr. ZAPLITNY: In connection with fees and berths, I took the matter up last year—perhaps the minister will remember it—as it applied to Riding Mountain national park, in which we have a common interest since it is situated in the minister's constituency and right next to mine. At that time I drew attention to the timber berth owned by the Northern Trust Company, and attempted to find out more about it, but we were not able to come to much of a conclusion. Since that time I have been asking for a number of returns, as the minister may know, and I have gathered some information. There are a number of things which I should like to understand at this time. First of all in my opinion the fees which have been charged have not been very provident from the point of view of the treasury. The fees for lumber have been $1 a thousand. I realize that the company has been holding this limit for a long time. It is no longer the policy of the government to sell berths in that way. From the returns I have received I have worked out a simple calculation which shows that since 1889, which appears to be the first date on which this timber limit was held, the company has taken out 13,562,000 feet of lumber, exclusive of other timber products. According to the regulations they pay $1 a thousand which would amount to $13,562—I am leaving the other things aside for a moment, because the fees differ. In another return which I asked for last year it was indicated that a Mr. DeWitt of Sandy Lake took a permit in 1941-42 for 1,253,482 feet of lumber for which he paid $4.75 a thousand. I realize that there is some difference between a permit holder and a licensee in the other fees they have to pay, royalties and so on. But in the matter of lumber alone the difference of price between $1 and $4.75 is substantial. I have worked out some rough figures which show that had the trust company had to pay the same amount as this private individual had to pay in 1941-42, over that period of time they would have paid $64,419 instead of $13,562, which leaves a potential loss to the government of over $50,000. Some of that will be recovered in ground rents, royalties, and so on, but the net loss will still be a great deal of money. I cannot see the justification for allowing these timber limits to continue, with the price of lumber what it is to-day, regardless of what the policy used to be.

Here is a company which evidently has something of a monopoly in that park, and which is able to get its lumber at $1 a thousand, while other people who come in and bid for lumber, if they are successful in getting a permit, will have to pay up to $4.75 to get the same kind of lumber. While I am on this subject I should like to say that I took a little time to investigate this limit. I think my figures are correct, because I received them from the foreman of the saw mill. I believe the minister is familiar with the mill about which I am speaking. In December of last year the price of rough lumber at the mill ranged from $41 to $49 wholesale. That was the price if you took it away; if it was delivered there would be an additional charge. This is the same lumber which they were obtaining for $1 a thousand.

In addition I found that farmers who obtained a permit to cut logs in that limit were obliged to bring their logs to that saw mill, since it was the only one operating in there—as I say, it was a monopoly—and they were practically forced—because there was no other arrangement that I could learn about—to accept half the lumber cut from the logs which they brought to the mill. In other words, if

logs were cut which would yield 2,000 feet of lumber, you would get only 1,000; the saw mill would get the other 1,000 as their part of the bargain. When lumber was selling at the mill at as high as $49 a thousand, that was a substantial amount to take from the farmer in return for the sawing of his product.

I also found that the farmer did not have much choice in the quality of lumber which he got, because at the time he brought his logs in to the saw mill there was no good lumber to take. There was no sawing going on at the time. They just piled up his logs, and he had the choice of either getting his lumber from the pile or waiting or coming back at the time of the sawing season. In many cases farmers living twenty-five, thirty or even fifty miles away from a mill will take their half by going to the lumber pile and taking what is there. I inspected a pile like that and, although I am no lumber expert, I could see that it was practically all culls; there was no quality lumber at all. The result was that the farmers got culls in return for their logs. I do not think that is a good arrangement. I do not know how much power the minister's department has over a thing like that, but something should be done in order to see that the farmer can either take his logs to the saw mill of his choice where he can get better terms or get a greater share of the lumber for the work he does in cutting the logs.

Another matter to which I should like to refer is the great difference in the treatment given permittees as compared with that given to licensees. It was pointed out a few minutes ago that the licensee was not limited in the size of the berth he could get, while, according to the regulations, the permittee is limited to one square mile. From the regulations I have prepared some figures which show what the permittee has to pay.

Mr. GLEN: Is the permittee not limited to a certain quantity?

Mr. ZAPLITNY: I asked the minister whether these regulations were still in force, because these figures are based upon the regulation. It states here definitely that the permittee may get a limit to one square mile. If there has been a change made in the regulations I should be glad to know it. At page 19 of the regulations we find this:

> Permits to owners of sawmills to cut lumber, shingles, lath and other manufactured products over definitely described tract of contiguous lands not exceeding one square mile in extent . . .

Mr. GLEN: Is the hon. member not referring to licences for berths already granted?

[Mr. Zaplitny.]

Mr. ZAPLITNY: This comes under the heading of timber permits, so that it is definitely related to permits.

Mr. GLEN: I believe those are dated 1929.

Mr. ZAPLITNY: Yes.

Mr. GLEN: They do not apply to cutting in the parks except in the case of licences for timber berths that have been granted.

Mr. ZAPLITNY: As I understand it, these regulations apply to the whole area, because they start off by saying:

> Regulations governing the granting of yearly licences and permits to cut timber on dominion lands.

It does not specify the parks of Canada; it specifies dominion lands. In other words, the regulations apply regardless of where the lands happen to be.

To come back to what I was going to say, I made a comparison of the fees paid by a permittee and those paid by a licensee, and these figures were taken from the regulations. These are:

Prices	Licensee	Permittee
Poplar lumber	$ 50 per M	$1 50
Other lumber	1 00 per M	3 00
Lath	30 per M	50
Hewn railway ties No. 1 and 2	06 each	10 each
Hewn railway ties No. 3 and cull	03 each	06 each
Sawn railway ties No. 1 and 2	05 each	09 each
Sawn railway ties No. 3 and cull	2½ each	05 each
Fence posts—round 7 ft. 6 in. top	01 each	02 each
Poles—all lengths, 8 in. top	02 a foot	03 foot
Cordwood — green poplar	25 a cord	50 cord
Cordwood—other	40 a cord	75 cord
Pulpwood	60 a cord	1 00 cord
Ground rent	10 00 sq m	100 00 sq m

When I look at regulations like this I wonder whether we really have free enterprise. I see no reason why a person, simply because he may have been of the right political shade some years ago, should be given a favourable contract of this kind so that to-day he is able to get these things at these favourable rates. There is no possibility of a man with a small sawmill being able to compete, if we want to put it that way, with someone who is in a monopolistic and favourable position. I cannot see any justification for this and, if the minister can explain it, I shall be glad to hear his explanation.

Last year I asked the minister why changes had not been made in the rates, why it was that licensees of these berths were continued

in this favoured position. He replied, as reported at page 3360 of *Hansard* for that year.

We cannot interfere with what is already a contract with those who purchased these limits prior to the establishment of the park.

And on the same page:

That is so; we cannot alter the contract.

I am not sure that the minister is correct, and I turn to page 9 of the regulations where we find that the licensee is entitled to a renewal of his licence from year to year. Then there follows this proviso:

Provided that such renewal shall be subject to the payment of such rental and dues and to such terms and conditions as are fixed by the regulations in force at the time renewal is made.

If we go through the rest of the regulations we find that the minister has the power to make regulations, which I think is proof that the minister may set the fees from year to year according to what he thinks is proper. I think that has been the case in connection with timber limits or permits on Indian reserves. In those cases the fees are substantially higher than those charged licensees under these regulations. I believe it is quite definite that the minister has the right to set the fees from year to year.

The only argument which I think the minister can use is that a contract was entered into at the time the timber berth was sold some years ago and that he is not disposed now to change the terms of that contract. I do not think that is a good argument, because times have changed. The prices that prevailed when this company took over the timber berths in 1889 and 1898 are different from the prices that prevail to-day. Retail prices of lumber, shingles, lath and all these things have gone up tremendously, and there is no reason why the minister should not change the regulations to bring these prices up to compare with the present scale of prices.

I believe the treasury of the country is losing a substantial amount of money each year because of the favourable contracts held by these companies. I do not want to go into the matter of Indian reserves at the present time because it comes under a different vote. But I would point out that over the last five years 100 million feet of lumber have been taken out of the Indian reserves alone. I have here several returns showing the number of feet of lumber and other products taken from dominion crown lands. A simple calculation shows that we are losing thousands of dollars, perhaps hundreds of thousands of dollars each year because the scale of fees is still in many cases what it was at the time the companies were formed, or at the time the individuals got their timber berths; and they are not comparable with prices people now pay for lumber and other timber products.

I do not know what justification there can be for a company like the Northern Trust Company owning timber in a national park and getting the lumber at a price which is about one-quarter the price being charged people who live around the park area. I suggest that attitude cannot be defended, and I hope the minister will give a satisfactory explanation of this situation.

Mr. GLEN: The hon. member is deeply interested in Riding Mountain national park, as I am. I am anxious that everything in it will be as he would want it. The original licence was issued in 1890 to George H. Bradbury, comprising an area of fifty-four square miles. On March 5, 1892, eighteen square miles were assigned to Charles Geikie. This area remained under berth No. 551D. In 1942 there were 3·37 square miles cut over and withdrawn. In 1944 there were ·46 square miles withdrawn. The present area is 14·17 square miles. My information is that the Northern Trust Company acquired this berth on December 23, 1926, from the United Assets Company of Winnipeg.

The other berth, namely berth 571, is one concerning which the original licence was issued to James Shaw in 1890. The area was thirty-four square miles. The withdrawals are as follows: In 1902, there were ·39 square miles withdrawn; in 1904, there were 28·86 square miles assigned to T. A. Burrows. This reduced the area to 4·75 square miles which, on re-survey, was found to contain 4·93 square miles. The withdrawal figure for 1942 is 1·118 square miles, and for 1944 it is ·195 square miles, giving a present area of 3·617 square miles. The Northern Trust Company acquired the berth on December 23, 1926, from the United Assets Company.

Mr. ZAPLITNY: There seems to be some confusion as to the date. In one of the returns I have the date for berth 551D given as December 31, 1889, under the name of the Northern Trust Company, and for berth 571, it is December 31, 1898. In another return I have November 10, 1926, for the same company; and in a third return it is December 23, 1926. Can we establish the exact date?

Mr. GLEN: These are the dates I have. I understand that the Northern Trust Company were acting for an estate.

Mr. ZAPLITNY: Starting on what date?

Mr. GLEN: In December, 1926. The progress of timber cutting on both berths shows that from 1890 to 1897 practically no timber

was cut. From 1898 to 1903 a small amount of timber was cut. From 1904 to 1905 a larger amount of timber was cut, the amount decreasing to 1908. From 1909 to 1936 no timber was cut. From 1937, to date, a mill has been erected and timber cutting carried out each year according to the regulations.

The dues charged were $1 per 1,000 feet; $10 per square mile ground rent and $2 annual licence fee, plus half the cost of fire protection. The licensee must dispose of all tops, branches and other debris resulting from timber operations.

The question has been asked as to why the timber dues were not raised to the same level as those charged by the province outside the park and by the dominion for timber permits under the park regulations.

In regard to the rates charged on timber berths, I would point out that these berths were not operated for many years prior to 1936. From 1936 until the war years the operator of these berths was carrying on under depression conditions, at which time he was required to sell his lumber at cheap prices. This was a definite benefit to the community, and it was felt at this time that we could not justify raising the rates. The dues on timber cut under park regulations were raised on November 2, 1940, to what the province was charging outside the park. The chief reason for this increase in dues was to discourage applications for timber permits in the park and to force all those who could secure their timber under more favourable conditions from provincial sources to do so. There is only a limited amount of timber which can be made available each year in the park.

In regard to the operations on the two licensed timber berths, the value of timber has changed greatly during the war years, but any time the wartime prices and trade board were consulted in regard to raising rates we were advised that it was not in accordance with government policy to raise such rates. Such a policy is still in force, and therefore in the meantime there is nothing which can be done in this connection. However, I think that as soon as the wartime restrictions are lifted the department proposes to (a) raise the rates on these licensed berths to what the province is charging; and (b) see that definite steps are taken in accordance with the licence to have the commercial timber cut and the cut-over areas withdrawn each year as the area is cut over.

The hon. member did not make any suggestion as to what policy the government should take other than that of raising the rates within the park. Of course he will realize that they have obligations in connection with fire protection, and the men who are required to look after the berth operations. This would make an increased cost which other persons would not have. However, the hon. member has not made any suggestion as to what we could do. What the hon. member is referring to as park regulations are really the regulations which were in effect before the park was formed. The permit holders who are cutting lumber are under park regulations, and there is that distinction. I should be glad to have from the hon. member his idea as to what I should do to protect that park, because I am just as concerned as he is that no one shall get more out of it than he is entitled to. He has not offered any suggestion that I think I could take. I have now stated what my policy will be, if I am in charge. We will raise the rates at the earliest possible date in accordance with provincial rates, and take care that the cut-over areas are immediately withdrawn and placed within the purview of the park itself.

Mr. ZAPLITNY: I have no particular quarrel with the minister's intentions. However, he has referred to the obligations this company has in connection with fire protection. I have here a return dated June 11, 1946, which shows the amount of money the company paid as its share of fire protection. It amounts to $38.12 for inspection of berth 551D and $9.75 for berth 571, which, I maintain, is not very much. Surely it is not an onerous sum to pay for fire protection, amounting in all to about $44.

Mr. GLEN: Of course the company have had to pay for men to look after their own plant, and timber berth operations, and to help take care of any fire in that particular part, over and above the amount spent in the park itself.

Mr. ZAPLITNY: I agree that they would have to do that; anyone camping in the park would have to do it. I want also to point out that I am complaining particularly about the difference between the treatment of licensees and of other classes, not particularly in this park alone but as a general policy. I do not see why it should be that because this company got that favoured position—

Mr. GLEN: We are not granting any timber berth licences now.

Mr. ZAPLITNY: I realize that. But the minister's attitude is this—he may have some valid ground for it but I have not seen it yet—that this company has a contract and therefore his department cannot do anything about it. Later, he said that as soon as the

wartime prices and trade board permitted, his department would raise the fees to this company. I am amazed at that kind of statement from the minister. Surely the fee which this company has paid of $1 per 1,000 feet does not begin to compare with what people generally are paying for lumber at the present time, if they can get it. Surely the wartime prices and trade board would not prevent a department of government from raising the fees to what they considered the proper level. I find it hard to believe that the Department of Finance—

Mr. GLEN: The wartime prices and trade board.

Mr. ZAPLITNY: I am amazed that the wartime prices and trade board would be so dictatorial as to dictate policy to the Department of Mines in respect of fees. I do not see why the minister did not put his foot down at the very beginning and point out to the rest of the government that here was a situation that should have been rectified long ago, a situation in which the people of this country have had their natural resources sold down the river. I am not blaming the present minister for having made such a contract because I do not think he would do it. I think he is too enlightened and progressive, but I should have felt much happier if the present minister would have seen fit to tell off the wartime prices and trade board, tell them where to go, when they ruled that just because this company was allowed to get its lumber at $1 per 1,000 feet before 1941, that price was a frozen price after 1941. Those are weak premises on which to base an argument, and I am amazed and unhappy to know that our government can allow its own creation, the wartime prices and trade board, to prevent it from rectifying an injustice which has been done for years with respect to our natural resources. I certainly hope that the minister will do something about the matter. He could well point out to the wartime prices and trade board that if they are interested in price stabilization and price control it should be based on a system of justice and not just simply on the freezing of prices as they were.

I cannot see any valid argument for continuing this contract. Suppose the Northern Trust Company had been given a limit of 1,000 square miles at twenty-five cents per 1,000 feet—and such things have happened in this country—would it follow that so long as prices and fees were frozen the people of Canada would continue to lose money on that contract for years and years because the wartime prices and trade board would not permit the government to raise its fees? Perhaps it is because I am a new member, but I am really amazed that such things can be done. I did not think it could happen, and I believe that there is a course which the minister must take.

The minister asked me if I had any suggestions. I would make this suggestion in the first place, that the minister in consultation with his colleagues in the cabinet immediately ask the government to pass an order in council—I understand the government is not averse to orders in council—to make it possible for his department to raise the fees in this particular field comparable with the fees other people have to pay. I would also ask the minister, for purposes of a long-range policy, to study the programme being followed in Saskatchewan with respect to the timber board there. I am not going into an exposé of that because it might lead to an argument. I will simply say that the Saskatchewan government have established a timber board which has been able to bring to the public treasury a substantial proportion of the value of the timber of that province. I think the Minister of Mines and Resources would be well advised to study the operations of that board, and then perhaps, with the benefit of their experience, he may be able to evolve a timber board for this dominion which would work even better than the one in Saskatchewan.

Item agreed to.

Lands, Parks and Forests branch—
145. Eastern arctic expedition, $75,000.

Mr. MacINNIS: Would the minister explain what is being done under this item?

Mr. GLEN: This vote provides for expenses connected with the annual eastern arctic patrol; ocean and aerial transportation for government administrative and scientific personnel; freight charges on fuel, food, medicines and other supplies to administrative and medical headquarters, Royal Canadian Mounted Police detachments, radio stations, hospitals and missionary centres; carriage of royal mail; transportation of Eskimo families with household effects, boats, sledges and dogs; radio telegraph tolls and incidentals for an ocean voyage of more than 19,000 miles in three to five months through unorganized territories.

Under authority of order in council P.C. 2472 dated June 18, 1946, an agreement has been entered into with the Hudson's Bay Company whereby government passengers and freight for eastern arctic points will be carried on the *Nascopie* and auxiliary vessels at the same rates as approved in 1941. The officer in charge is J. G. Wright, of the lands, parks and forests branch, and his assistant is A. Stevenson.

The *Nascopie* sailed from Montreal on Saturday, July 6, 1946. The vessel is scheduled to reach Churchill, Manitoba, on August 9, and remain until August 17 to bunker and take on additional passengers and freight for the northern part of the voyage. The most northern port of call will be Dundas Harbour on Devon island, scheduled to be reached September 15. The vessel is due back in Montreal on October 8, 1946.

Item agreed to.

Lands, Parks and Forests branch—
146. Forest and wild life conservation including Wood Buffalo park, $252,500.

Mr. McLURE: With respect to this item and item 149 dealing with roads, is this large amount for the purpose of building roads to the parks, or is it for the parks in general? I brought up this matter last year.

Mr. GLEN: Item 146 deals with the northwest territories, not with roads.

Mr. McLURE: Item 149 deals with roads, and I was wondering whether it was for roads to the national parks.

Mr. GLEN: No.

Mr. McLURE: What item does that come under?

Mr. GLEN: Roads in the parks come under the parks votes, but not roads to the parks.

Mr. ARCHIBALD: Under this item, which has to do with animal and wild life conservation, I should like to bring two points to the minister's attention. Charlotte island has no natural wild life at all. Elk have been put there in recent years, and I am led to understand that they are doing well. Deer have been there for quite a number of years, and they are beginning to lose size and weight, whether through inbreeding or not I do not know. But there are actually no predatory animals on the island, and I am not asking that they be put there, but I suggest, under this item, that the minister take an interest in raising a type of deer with better blood, if I may put it in that way. Also, there is no such thing as a squirrel on these islands, and the people would like an investigation into the possibility of putting squirrel, beaver, and so on, on these islands. I believe they would fit in very well.

While I am on this matter, I should like to mention Atlin and the lakes up there. That area is just beginning to open up, and I am told on good authority that the scenery in that district is equal to, if not better than, any of the mountain resorts in Europe. Wild life there, such as geese, has become almost extinct in recent years, and the citizens would be interested if some conservation work were done. It would be an added attraction to tourists in future years.

Mr. MacNICOL: I note under this vote, although it has considerably increased, that two of the medical officers are apparently not being provided for.

Mr. GLEN: That is under health and welfare estimates.

Item agreed to.

Lands, Parks and Forests branch—
Airports, roads, buildings and water systems—construction and improvements—
148. Buildings, $375,700.

Mr. MacNICOL: All these items, numbered 147 to 150 inclusive, go together, do they not, and pertain to the works which are going on in connection with Yellowknife townsite?

Mr. GLEN: Yes.

Mr. ARCHIBALD: The Minister of Public Works referred me to the Department of Mines and Resources on a question I had about the road being built from Whitehorse down to Atlin. Can I ask the question under this item?

Mr. GLEN: No.

Mr. ARCHBALD: What item would that come under?

Mr. GLEN: Vote 771, supplementaries.

Item agreed to.

Lands, Parks and Forests branch—government of the Yukon Territory—
151. Administration, $100,000.

Mr. IRVINE: I want to bring to the minister's attention a matter which I attempted to bring before the committee on a previous item, and was asked to wait until we reached item 151. I discussed it briefly with the minister before. It is a protest from the people of Dawson city against the action of the controller. I assume the minister is well aware of whatever constitutional rights the controller has and whatever constitutional rights the elected council of Yukon territory have, and will be in a position to deal with the matter without my going into that phase of it. Suffice it to say that the council, which was elected and is constantly elected to look after the local interests of the people, passed certain legislation, particularly legislation which had to do with labour. For instance, there was an ordinance dealing with annual vacations with pay; there was an amendment to the workmen's compensation ordinance; and an amendment to an ordinance respecting

the office of public administrator. I can go into the details of the legislation if required; but I am sure the minister is very well acquainted with the details of it, so that unless it is questioned, I shall not trouble the committee with the details. But the point is that these ordinances, having been passed by a unanimous vote of the elected council, were vetoed by the controller. The controller is an appointee of this government and an absentee from the Yukon. He, exercising, I assume, an authority which he must have, has vetoed this legislation. The people who elected that council have, in my opinion, a just right to be disturbed over that arbitrary action on the part of the controller. In the words of their protest they say, "We choose to label such exercise of this power by a non-elected individual as class discrimination and smacking loudly of dictatorship in its most distasteful role." I imagine that His Majesty the King has the power to veto. I believe that His Excellency the Governor General has a limited power of veto. But these gentlemen are always too wise to exercise it except under very extraordinary circumstances. I wonder whether the controller of Yukon territory has any greater veto power than His Majesty the King or His Excellency the Governor General. At any rate I am asking the minister if he will give this matter his consideration, if he will review the case. If there is to be disallowance of legislation of that kind I think it will be far more satisfactory to the people there if the disallowance were effected by a government elected by the people rather than by some individual who is appointed, who perhaps knows little about the local situation, and has no direct responsibility to the people. I hope the minister will look into this matter, and I should be glad if he would make a statement about it now.

Mr. GLEN: The hon. member had spoken to me regarding these matters in connection with an ordinance which was passed by the Yukon council, one dealing with workmen's compensation. At present that matter is being discussed with the workmen's compensation officer of the Department of Transport. No decision has yet been arrived at, but I can assure the hon. gentleman that I shall be dealing with it, I think sympathetically.

The other matter which the hon. gentleman is interested in is an ordinance with regard to vacations with pay. There is a good deal of ambiguity in the ordinance as to when the vacation will begin and when the pay will begin. I have sent it to the Department of Justice to deal with that matter, and I think we shall arrange it to the satisfaction even of the hon. gentleman.

Item agreed to.

Lands, Parks and Forests branch—Dominion forest service—

153. General scientific, economic, and administrative services, $373,890.

Mr. MacNICOL: The minister is aware, I believe, of the serious effects which the starlings are having on the trees at the east end of these buildings. Similar damage is apparently going on all over the province of Ontario, where trees, particularly in towns and cities, are being destroyed by these birds. Is the department making any effort to curb the menace?

Mr. GLEN: There is a committee on forest pests. The other night I was watching that beautiful tree which is being destroyed and I should like to see something done to preserve it.

Mr. MacNICOL: In the various municipalities they are studying what ought to be done to save the trees.

Mr. ROSS (St. Paul's): The starlings must be got rid of. Those around these buildings are particularly bad and I think some concerted effort should be made to get rid of them.

Mr. LOW: Is this item the place where I may ask with respect to a possible arrangement with the province of Alberta in connection with the preservation of the forests on the east slope of the Rockies?

Mr. GLEN: Yes.

Mr. LOW: What progress is being made in the negotiations between the province and the department?

Mr. GLEN: For several months we have been discussing the question of the east slope of the Rockies, realizing the magnitude of the undertaking; and I had an interview, along with the Minister of Reconstruction, with Premier Manning and Mr. Tanner some time in June. We discussed the whole question, proposals for and against. Mr. Tanner brought forward certain proposals which we discussed and considered, and I wrote to him in July stating the department's point of view and that of the Minister of Reconstruction. Last week I had a telephone call from Mr. Tanner and, since then, I have been in touch with Premier Manning who has made certain proposals looking to a solution of the problem. Yesterday I had a meeting with the Minister of Reconstruction and we are submitting a proposal again to Mr. Man-

ning immediately. I think I can say that we shall arrive at a settlement which will be satisfactory to both of us. In the meantime we shall work out the details together, and I hope we can come to an agreement that will provide for an operation to take care of the east slope of the Rockies in a manner satisfactory both to the dominion and to the provincial governments.

Mr. LOW: I thank the minister for what he has said. I am sure that in his approach to the problem he is aware of the tremendous importance of preserving the watershed, because the future irrigation and reclamation schemes in the west will depend upon such preservation. Again I wish to thank him.

Mr. GLEN: I expect to be in Edmonton within the next eight or ten days and I hope to see both Mr. Manning and Mr. Tanner.

Mr. MENARY: Back home we had two or three acres of beautiful grove at the side of the village, balsam and cedar trees, and today they are dead, having been killed by the starlings. The minister should do something to protect these trees. Shoot the starlings or do something about it.

Mr. GLEN: That is not under my jurisdiction, but I will bring it to the attention of my colleague who has charge of such matters.

Mr. WARREN: We have plenty of grievances as far as starlings are concerned, and I suggest to the hon. member for Wellington North that he import a few falcons. I have on occasion stood outside the parliament buildings and watched the starlings by the thousand, perhaps one might say the million, coming here from all over the country to spend the night.

Mr. MacINNIS: Lobbying.

Mr. WARREN: I happened to come across a most interesting piece of information the other day. The nearest point where falcons can be found is in the vicinity of Montreal and they come up once in a while and take off the heads of about two hundred of the starlings and go back home. If the hon. member could import a few falcons into his neighbourhood he might get rid of the starlings.

Mr. MENARY: I will send them an invitation.

Mr. ADAMSON: Perhaps you could do some falconing on the hill.

Item agreed to.

Lands, Parks and Forest branch—
154. Forest experiment stations, $252,010.

Mr. MacINNIS: What is being done under this item? I think we have come to the stage in our development in Canada, as far as timber is concerned, where something must be done and done quickly; otherwise we shall lose what has been one of the most valuable economic assets this country has had. There is scarcely a province in Canada that is not almost denuded of forest wealth, which at one time we thought would never be destroyed or be exhausted. How many forest stations are in operation and what work is being done in them?

Mr. GLEN: We are spending very much more now than we did before the war, nearly three times the amount. This vote is for the conduct of research work on five forest experiment stations and outside demonstration areas under the supervision of the stations as follows: Acadia, in New Brunswick, area 35 square miles; Valcartier, in Quebec, area 7¼ square miles, which was closed for the duration owing to the superintendent being on military service; Petawawa, in Ontario, area 97 square miles; Riding Mountain, area 25¼ square miles, within the Riding Mountain national park, Manitoba; Kananaskis, in Alberta, area 63 square miles.

These stations function as field laboratories for conducting silvicultural research and investigations in stands representative of the various forest regions in which they are located and in accordance with policies and plans evolved by the senior technical staff at headquarters.

With the end of the war and the greatly increased interest evident on the part of provinces, industry and the general public in Canada's forest resources, it becomes necessary to revise and expand the activities of the dominion forest service during the post-war period. Most of the labour during the war years was performed by alternative service workers at nominal rates of pay, and normal work had in the main to be drastically curtailed and reduced to a care and maintenance basis. It now becomes necessary not only to resume normal programmes, but to expand these on a basis designed to meet the requirements of a new era being ushered in during the post-war years.

Item agreed to.

Lands, Parks and Forests branch—
158. National parks and historic sites services, $2,069,000.

Mr. MacNICOL: I wish to say a word with respect to the design of the monument which

the minister unveiled recently at Campobello, and similar designs. In my opinion that is a much finer design than the ordinary type one sees in these days along the highways, which is made of stone and which comes to a triangular peak. I have a picture of the monument at Orillia to Champlain. It came from the department. It is similar to the monument which was erected at Campobello on Passamaquoddy bay to the memory of the late president Franklin D. Roosevelt, and to the one which is to be erected next year at Fairfield in Kent county, Ontario, to commemorate the founding of Fairfield by the Moravians in 1792. It is a rehabilitation programme in which I am interested and about which I shall say more in another year.

Mr. KNIGHT: I wish to say a few words about what is called the Prince Albert national park, commonly known to us who live in the neighbourhood as Waskesiu. The reason I bring up this matter is that I believe I detect a tendency which I deplore in the administration of our parks. I am glad that certain improvements are being carried out in the park, improvements to the golf course and things of that kind. New cottages have been built there, I believe, and it is about that subject that I should like to say a word. I myself do not live in the particular constituency, but I cannot ignore the letters I receive from the people in my constituency who make that park their summer home. I had occasion to protest once before in regard to the building of pretentious bungalows in the park. The method was that a certain piece of ground was leased by people who scrambled to get these particular leases and then built expensive cottages upon them. There was a building restriction in this section which placed a limit of $500 upon the amount to be spent, but in my judgment the cottages to which I refer cost on an average, at least four times that. That is all very fine, but the point is that in that particular row where these twenty cottages were built 120 families who had been using that space were displaced and moved back into the bush. I have no fault to find with the people who occupy these fine lots and who are able to afford to build upon them, except that the cottages were built by people who already owned houses in the cities, and of lumber which was badly needed to build houses for our returned veterans.

As I say, the improvements are welcomed, I suppose, as a promotion to tourist trade, as a general improvement. But I would urge upon the department not to be too much carried away by the policy of making this and other such places into a model camp to be kept, as it were, immaculate, and to serve the few. Let us look at it from the point of view of what is the real object, what is the real need, what is the real function of a national park. To my mind, these so-called shack tenters and campers are just as important as the people who can build and occupy more expensive bungalows. Many of the people who have patronized Waskesiu for years—and I may say that some of these people have gone there and occupied the same space of ground for as many as ten years; to my knowledge—consider that they have a definite grievance, and for some reason they keep writing to me about it; their grievance is that they have been displaced from their old quarters in the manner in which I have spoken, and that expensive cottages have been built. It is not as if there were any scarcity of ground. There are thousands and thousands of acres and hundreds and hundreds of miles of waterfront easily available. The point I wish to make is that the owner of sufficient wealth—and it does not have to be much wealth—can provide himself with one of these more expensive cottages. I say all power to him; I am gled that he is able to do that, but the point is that he should not have a priority in the matter of site which is somewhat important in lake locations.

I know that the present management at Waskesiu disagrees with me on this particular issue. A number of correspondents who have written to me say that the present management shows a considerable lack of imagination in regard to the running of the park generally. I know nothing of that, because I am not competent to say, but I do know that the only people whom I can hold responsible for the situation is this department of the government. I have in my possession a letter which was written by the assistant controller of the department in answer to one of these protests. The controller of the department assumes the responsibility for the policy in regard to the displacement of these people, thus exonerating, as it were, the superintendent.

As I have said, there was a building restriction of $500. In this particular letter to which I referred, the controller boasts:

> I doubt very much if there was a single cottage in the first unit of this subdivision which did not cost much beyond this figure.

I quite agree; I said that $2,500 would be closer to the value of some of these cottages. Hon. members see the point I am trying to make, namely, that you need to have some money in order to enjoy the blue sky and the wind on the water at Waskesiu. I would remind the government of the clause in the

National Parks Act—I presume it is the preamble, although I have not looked it up; but it is quoted with pride by the assistant controller, although I am sure that the case he makes afterwards does not particularly show that the policy is being carried out—which says that our parks are hereby dedicated to the people of Canada. I submit, sir, that those who can build fine cottages, who can go where they like and have the accommodation they like, are not the people for whom I plead. The people for whom I plead are those people—and I hate to use this expression, although I am going to use it because hon. members will understand it—who have to work for a living, who have two short weeks in which they can enjoy a holiday; that is, the man of the family. If such a man as that can get a shack tent to which he can send his wife and family during the time when the children do not have to go to school, they have a cheap and healthy holiday for a couple of months.

I am complaining of the attitude and of the policy in regard to that park, which keeps that place, shall I say, ultra respectable. The letter I quoted speaks most disparagingly of these shack tents, as though the owners were slum dwellers or some inferior sort of person. The letter says:

> You will agree, I am sure, that a shack tent community is in no way comparable with the lakeview subdivision on which permanent cottages have been allowed.

"In no way comparable"; in what way not comparable? I will admit not as a show place. The letter continues:

> It would obviously have to be well removed from the other subdivisions.

What is wrong with these people? Have they smallpox? The letter continues:

> It is very important that the development at this point reflect credit on the park generally.

That is the sentence to which I should like to draw particular attention. I think we are missing the principle laid down in the statement of the preamble which I have just read, namely, that the parks are the property of and for the use of the people of Canada. Let me warn against making these national parks too stiff and formal. I am not sure that it is the best policy to build up our national parks so that they look like our home towns where we have streets and avenues and law and order and things of that sort; houses with little gardens in front of them and so on. We want to get away from that in our national parks. People come to our national parks to bask in the sunshine and the outdoors. So far as I am concerned, if I were an American tourist or any other kind of tourist I should like to get some fresh air at Waskesiu.

I do not want to hold up the committee too long, but I have received at least a dozen letters from people complaining about the action taken in Prince Albert national park. There are one or two definite questions I should like to ask the minister with regard to concessions in this park. There would seem to be some difference in the amounts charged for these concessions, and in this connection I should like to quote from sessional paper No. 235 of June 21, 1946. This states that Hillcrest Cabins Limited pay a business licence fee of $1 a year, presumably to the dominion government, as well as five per cent of the gross revenue derived from rentals. Another concessionaire. Waskesiu Bungalow Cabins pays a yearly licence fee of $50; a business licence fee of $1 a year and five per per cent of the gross revenue. Then the Lakeview Inn, which I am informed is the property of one John William Sanderson, pays a business licence fee of $15 and no percentage of the revenue. I should like to know why there is this difference in terms. I should also like to know if this man Sanderson is the sole owner of that particular concession or whether it is a partnership or a company.

Mr. GLEN: I have a great deal of sympathy with what my hon. friend has said with regard to the park and the apparent discrimination made between those already resident and those who come in. In connection with the park in Manitoba we were anxious that it should not become a millionaire's paradise but rather that it be a park for the common people. Camping grounds are provided there for the accommodation of visitors. I am informed that the superintendent in Waskesiu has plenty of accommodation in the way of camping grounds for those who may come there. As far as the apparent discrimination is concerned, I would tell my hon. friend that a request was made by many of those desiring lots that a portion be set apart so that they could get a lot on which to build a house commensurate with their desires. There was no intention of disturbing any one or depriving anyone of an opportunity of doing likewise.

In connection with the concessions to which my hon. friend has referred, the rule now is that five per cent of the gross turnover of the business be paid. Formerly that was not the case, because in previous days a rental charge was made. This may account for the apparent discrimination in the two cases mentioned.

Mr. KNIGHT: Has the minister any particulars with regard to the ownership of the Lakeview Inn?

Mr. GLEN: We have no information as to who is the owner.

Mr. GIBSON (Comox-Alberni): Last session I asked the minister if he had had any discussion with the provincial government about taking over Forbidden Plateau park on Vancouver island. I understand that the premier of British Columbia was here some time ago and had some discussions with the department.

Mr. GLEN: No progress has been made along the lines indicated by the hon. gentleman.

Mr. HARKNESS: When we were discussing this item last year the hon. member for York South made some extremely valuable suggestions in connection with the development of our mountain parks from the point of view of skiing, hiking, and so on. I also made some suggestions with regard to the provision of low-cost accommodation in the form of lodges, cabins and so on, and the opening up of new hiking trails. Provision should be made for the accommodation of an increased number of people in these parks at a lower cost to the people. I notice that an amount of $700,000 is provided for temporary assistance and wages and $950,000 for equipment, materials and supplies. What progress has been made in the way of providing accommodation as well as the development of ski and hiking trails? Can the minister tell us also how the money provided for construction purposes was spent?

Mr. GLEN: I assume the hon. member is referring to Banff and Jasper particularly?

Mr. HARKNESS: Yes.

Mr. GLEN: I can give the following particulars with regard to Banff and Jasper:

Auto Bungalow Camp Concessions
Granted in 1946

Name—Location—Area—Minimum No. Cabins

Banff national park—

Walls, R. C., east of Banff auto camp, 2 acres—20.

Vanzant, C. A., and Tabuteau, N. J., near Tunnel Mountain drive, 3 acres—30.

Coughlan, Roy A., east of Banff, 2 acres—20.

Staple, Geoffry W., east of Banff, 2½ acres—25.

Bunnell, Everett L., Two Jacks lake, 2 acres—20.

Jasper national park—

Zeidler, Miss Gerda and Trudel, Victor E., jct. Miette and Athabasca, 2 acres—20.

Alexander, Kenneth H., vicinity Caledonia Cr., 2 acres,—20.

Wells, Ralph F., Athabaska Falls, 2 acres—20.

Webb, Victor F B., West Willow avenue, Jasper, 3 acres—30.

Bolli, Lloyd A., jct. Bonhomme and Aspen ave., Jasper, 2 acres—20.

I understand that all these are returned soldiers.

Mr. HARKNESS: When these licences are granted is any restriction placed on the prices that may be charged for accommodation, or is that left entirely up to the person providing the accommodation?

Mr. GLEN: The concessionaire must satisfy the park superintendent that his prices are fair and reasonable, and the rates charged must be posted on the walls of the cabins.

Mr. HARKNESS: Can the minister say anything about the development of ski and hiking trails and the providing of accommodation for people using these trails?

Mr. GLEN: The department are doing what they can, with the inadequate help they have at the present time so far as they possibly can, to keep the trails improved, and to extend them, too.

Mr. HARKNESS: Has any help been given to the Canadian Hostelers' Association, which provides places where young people may stay overnight for small charges. I know there was a request made in connection with a place in Kananaskis.

Mr. GLEN: Nothing has been done with regard to the building of hostels, because we do not wish to compete with the soldiers who are there in the park, and have to construct their buildings.

Mr. HARKNESS: I have had communications from the people in the Alberta parks, and particularly from the Alberta board of trade, respecting landing strips. I understand that one has been built at Banff, and that it is either completed or almost completed. The people at the other parks—Jasper, Waterton and Elk island—are anxious that landing strips be provided, evidently believing that with the increase in air travel a considerable number of private aircraft from the United States would land at those points, if any provision were made. Has anything been done at these other parks?

Mr. GLEN: The matter is being investigated by the Department of Transport. They are considering accommodation for small aircraft at the present time, but no decision has yet been made about a larger landing field.

Mr. HARKNESS: I take it that there are no air strips, except at Banff.

Mr. GLEN: And particulars are being prepared with respect to Jasper for submission by the Department of Transport.

Mr. HARKNESS: It was my information that the landing strip at Banff had been completed.

Mr. GLEN: For small aircraft only.

Mr. WEBB: When this item was under discussion last year I spoke respecting the Thousand Islands park area. I mentioned at that time that during the war those parks had become more or less run down, and the services are not any too satisfactory. I noticed this year there is an increase of $700,000 and, while I do not expect the minister would spend all of it in that area, I am wondering if he is considering spending at least a portion of it. These parks are crowded all the time. However, the docks are not in good condition and the services are not as they should be. I am hoping that from his estimates this year the minister may make some improvements and give some further services.

Mr. GLEN: The hon. member knows that we have had investigations made by our officers, and that investigations are being made by United States officers. Separate reports are being submitted independently by the investigating officers, one for the United States and one for ourselves. Those reports have not yet been considered, and I am therefore not yet in a position to say what the result may be.

Mr. WEBB: I do not suppose the minister has anything to report on the international park.

Mr. GLEN: Not at the present time.

Mr. HAZEN: This item provides for the expenditure of $2,069,000 on national parks and historic sites. Has the minister received any communication this year from the government of New Brunswick respecting the establishment of a national park in that province? I understand that the dominion government is prepared to establish a park, if the provincial government will supply a suitable site and give a title in fee simple. I believe New Brunswick is the only province in Canada with no national park at the present time. Have there been any communications this year between the government of New Brunswick and his department about the establishment of a park in that province?

Mr. GLEN: No, we have had no communication. The hon. member has stated the procedure exactly.

Mr. BRYCE: I wish to know how the $709,000 will be spent. I have visited the national park in Manitoba and benefited therefrom. I should like to see more people benefit from similar visits. I do not want to talk about discrimination between two classes, as happened at Prince Albert, but I would ask the minister to remember that there are more poor people than rich people, and that therefore more places have to be provided for them. I should hope that some of this money is being laid aside to provide these facilities.

Has the minister given any thought to providing bowling greens for the men who are getting old, like I am. They could have recreation in that way, or by playing horseshoes. I am sure that money would be well spent in a development of this kind.

Some of these parks will be crowded in the near future, and I am suggesting that the government should reserve a space in the interlake country for a second national park in Manitoba. There will be so many tourists coming to Canada that we shall require that extra accommodation, and this will be a good time to lay it aside.

Would the minister tell us how the concessions are let in our national parks in Manitoba? I know that in one park I visited there is a picture show which does a roaring business. Does the park pay for itself?

Mr. MacNICOL: Does the hon. member mean Riding Mountain?

Mr. BRYCE: Yes. Is it paying for itself, and is there enough money coming back into the consolidated revenue fund to pay the expenses of the park? It should be made to pay for itself.

Mr. GLEN: The hon. member has spoken along the lines followed by the hon. member for Saskatoon City. He knows, as I do, that there is plenty of accommodation in the grounds for many more people than have ever gone into the park. There were 55,000 people who had gone into the park up to the end of July this year, and there is the probability that it will have a much larger attendance in the future. We shall have to provide sufficient accommodation.

Mr. BRYCE: We could have another in the interlake area.

Mr. GLEN: Perhaps. I have had some letters with respect to bowling greens, probably more than the hon. member has had. Many people have approached me in regard to the matter. Only recently an officer was appointed whose duty it will be to see about recreation in all the parks in Canada, of such types as may be useful and required in those

parks. So far as money is made available, I shall spend it as carefully as possible and without discrimination.

Item stands.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

WHEAT AND FLOUR

SUSPENSION OF RESTRICTIONS, EFFECTIVE SEPTEMBER 1

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): Before you leave the chair, Mr. Speaker, I would ask for the consent of the house to make a statement on the wheat and flour restrictions. I should like to take this opportunity of informing the house that the restriction introduced on April 1 of this year, which limited the usage of wheat by millers and other processors of wheat for domestic human consumption to ninety per cent of the quantity of wheat so used in the corresponding months of 1945, is being suspended, effective September 1. This particular restriction has undoubtedly created serious inconvenience in some sections of the country, particularly in those areas affected by a heavy influx of tourists and by the repatriation of men from the forces and their families.

Hon. members will have noticed an announcement by the United States secretary of agriculture last Friday, in which it was stated that a number of emergency restrictions in the use of grain were being relaxed because of their anticipated record harvests. Both the United States and Canada agreed early this spring upon a series of export objectives and imposed varying restrictions on the domestic use of grain to ensure their fulfilment. Each country determined its own particular type of restriction in the light of its own circumstances and its own over-all food export programme, with the understanding that in the general result the measures would be equally effective.

As hon. members already know, we were able to exceed our combined commitments on wheat flour and other cereals for the crop year ended July 31. The crops now being harvested indicate that, having regard to transportation problems, we shall be able, at least for the next six months, to continue to make our maximum contribution to world requirements.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF MINES AND RESOURCES

Lands, Parks and Forests branch—National parks bureau—

158. National parks and historic sites services, $2,069,000.

Mr. McLURE: Last year I spoke on this item and made a request of the minister, and to refresh his memory I should like to say a few words with reference to our national park in Prince Edward Island.

As hon. members know, Prince Edward Island was discovered in 1534 by that great explorer Jacques Cartier, who was so greatly impressed by the beauty of the island that he wrote in his diary these words:

> Low and flat and the fairest
> That may possibly be seen,
> And full of beautiful trees and meadows.

Now, after a little more than four hundred years, Jacques Cartier's description can be intensified by the use of all the best adjectives one can find in Webster's dictionary to do justice to the island. We have a national park. It is one of the latest to be created. Established in 1937, it is a great addition to the tourist playgrounds of Canada. It extends along the north shore of Prince Edward Island for some twenty-five miles or more. While not large, it comprises over 4,000 acres.

It begins at Dalvay-Stanhope down by the sea on Tracadie bay and extends to Covehead harbour and then on to Brackley Beach, which is known to a great many even in this house. It follows along the coast to Rustico bay. The greater portion and perhaps the most interesting part of the park extends from Rustico harbour to the lake of Shining Waters at New London bay, and is known as the Rustico Cavendish part of our national park.

I know the minister has visited the park and had a delightful game of golf on the Green Gables golf course there. He also helped to open our national park. I am not going to dwell on the beauties of this park which, with its woodland beauties and fine bathing beaches, attracts hundreds of tourists, but I should like to mention that the finest advertising Prince Edward Island ever had as a beautiful tourist playground came from that wonderful writer, the late Lucy Maud Montgomery MacDonald, who by her writings did more to advertise the excellencies of Prince Edward Island and the beauties of its seacoast bordering our national park than all the advertising done by governments so far.

But the approaches to this park are not at all satisfactory. We were under the impression

that the roads leading to the park were to be improved, and all the more so when last winter the national parks controller announced through the press that there were being drafted in Ottawa plans which included improvements on all the roads leading to the Prince Edward Island national park. The golf course and the park have become very popular with the tourists, who are going there in increasing numbers each year during the vacation season. They can be reached by the highway from Summerside via Kensington, and also from Summerside via Hunter's river to within 3½ miles of the park and golf course. They can also be reached from Rustico by a permanent highway, but what is required is the improvement of the road for a distance of 3½ miles more, which would extend the permanent highway in each case direct to the grounds.

I notice in these estimates that over $600,000 is to be spent on roadways for the national parks, and this six or seven miles of roadway which I am urging the minister to build would not cost very much. For instance, the highway goes to New Glasgow, first via Hunter's River, and then the McLure highway goes from there to Rustico. From Rustico a road could be built through to the Land of Green Gables, a distance of 3½ miles, which surely would not cost much more than a few dollars out of this vote of $600,000 which is now in the estimates for roads. I bring this matter again to the attention of the minister and I hope he will not forget it. Part of the road is already built. It was begun in 1935 and finished in 1936 from Hunter's River via New Glasgow to Rustico, a distance of twelve miles, and this hard-surfaced road was built by the federal government at not one cent of cost to the province of Prince Edward Island. We are looking forward to having this six or seven miles of road built, 3½ miles from New Glasgow to Green Gables, and the other 3½ from Rustico around the shore to Cavendish, making seven miles in all. I want the minister to make a special note of this in his mind, and if it is not included in these estimates, let us see that provision is made at another season.

Mr. GLEN: I have had an opportunity of visiting the park which the hon. member speaks of, although he credits me with more than I am entitled to, because it was my predecessor who opened the park. Nevertheless I have been over it. The policy of the government prior to the war was to assist in building roads to the parks, but at the present time all we can do and are doing is to maintain and repair the roads within the parks. One of the proposals to the dominion-provincial conference was to take care of any roads approaching the parks, but until a settlement is made with the provinces I am unable to hold out any hope that anything will be done, at any rate this year, on roads outside the park.

Item agreed to.

Lands, Parks and Forests branch—

159. Administration of Migratory Birds Convention Act, $52,500.

Mr. ROSS (St. Paul's): I suggest that what we are trying to do on behalf of the conservation of wild fowl is to a certain extent putting the cart before the horse. I say that for two or three reasons. We are trying to cut down the number of days when a man can shoot ducks and the number of ducks which can be taken a year. That is all to the good; I do not think anyobdy wants to be a hog in the matter of shooting. But we have a great heritage in Canada in our wild fowl population. I should like to read something which appeared in the magazine *Rod and Gun*. The writer says:

> All these governments are now keenly conscious of Ruskin's dictum, "God has given this earth for our life. It is a great entail. It belongs as much to those who come after us as to us, and we have no right, by anything we do or neglect to do, to involve them in unnecessary penalties or to deprive them of the benefits which are theirs by right."

This is not merely a question of shooting and killing ducks. The figures which are quoted in this magazine are interesting and, I think, are worth while putting on record for the information of hon. members:

> In 1875, it is estimated that we had 400,000,000 waterfowl. By 1900 there were, perhaps, only 200,000,000 and, by 1933, just seven per cent, or 28,000,000 of the 1875 waterfowl population was left on the continent. In the short space of 60 years 93 per cent of all waterfowl had disappeared and the balance was in a fair way to follow the fate of . . . other species of wild life now extinct.

We should try to find out the cause of this condition. There are a great many reasons for the depletion other than destruction by shooting. With the development of the prairies and other parts of our country much of the water supply dried up. The fowl would bring up their young, and in a short time the water would dry up and the youngsters would die.

As the minister knows, a great work has been done by Ducks Unlimited, but a great deal more remains to be done. We in Canada have a great trust in the matter of our wild fowl population. Most of the ducks nest up in the north country, although certain classes nest in Ontario and other provinces. Ducks Unlimited, consisting of public-spirited men in

the United States, have spent some millions of dollars on conservation measures. They are aware that the United States cannot do anything directly about the nesting grounds of the ducks which come down and winter in the United States, because the nesting grounds are located in Canada. We, therefore, as Canadians have a duty to do all we possibly can to conserve for future generations the wild fowl of this country. I cannot speak too strongly on this matter. Shooting ducks is a great recreation, and, so far as we members of parliament are concerned, is likely to be the only one open to us this year, since we are not going to have any summer holidays. Let us see if we can do anything to further this enterprise.

Two or three considerations occur to me. We need more money spent in the north country to conserve the water supply, although much is being done in that direction at the present time. I am not much in favour of spending the country's money, but it would be worth our while to make a grant to Ducks Unlimited to assist in the work they are carrying on in Canada.

In this connection we have neglected the problem of predatory birds. We see flocks of crows around all the time. We see numbers of starlings outside these buildings. We have horny owls and other predatory birds that are destroying our young broods of ducks, and not only those, but the young partridge, the prairie chicken and other game birds and lovely fowl we have in this country. I think it might be worth while to give a lead to the people and help to preserve, not only for Canada but for the United States, the wild fowl population of this country.

Mr. BLACK (Cumberland): I want to commend the minister for this—limited—grant in the estimates. I was much interested in the eloquent and forceful remarks of the hon. member for St. Paul's. We in my part of the country are greatly concerned with the protection of the migratory birds. We have a peculiar condition there which needs special consideration and which I wish to place before the minister. The citizens of the straits of Chignecto, Cumberland county and Westmorland county, in Nova Scotia and New Brunswick, are anxious to protect these ducks and geese. They have done a great deal to protect them with their clubs, by having special guardians on the grounds in the closed season, and by planting bird food, wild oats and wild rice. For a great many years they have had a season which opens on September 15 and which closes earlier, because the birds leave earlier, than in other parts of Nova Scotia and New Brunswick. I can understand the desire of the minister and the department to have the seasons as uniform as possible; but there is a request, almost a demand, from the people who are interested in the protection of the birds and in the sport, that an exception be made in that area and that the earlier season in that part of the two provinces be continued rather than have it open on October the first.

The gunners in the town of Amherst, the town of Sackville, the town of Moncton and in the contiguous country, who have organizations for the protection of birds, met recently and passed resolutions asking that the minister perpetuate the date of the opening of the season, as has been the practice for many years, on September 15. The birds arrive in that district later than in other parts of Nova Scotia and they leave earlier. When they come in the spring they are protected by the public, but they do a great deal of damage to the newly cropped land, the marsh lands, the hay fields and the newly seeded land by pulling up the roots and destroying crops. The people who are interested in the birds are satisfied to put up with that but they would like the season fixed to suit their conditions. There are some people—a few—who have leased lands or who own large acreage, who are able to get what gunning they desire during a late season. But the men I am speaking about, these members of the gunning clubs composed of industrial workers who work in the factory or on farms, have no other opportunity for an outing. They have been enjoying these outings for many years and they ask that the season be opened on September 15 as heretofore.

I will not ask the minister to make any definite decision now, but I would make a further appeal to him. I have already, together with the hon. member for Westmorland (Mr. Emmerson), had conferences with the minister and his officers and have put before them the facts, and I should like the minister to make a statement now giving us an assurance that he will personally give the matter further consideration and see whether he cannot meet the special wishes of these gunners. They do not get nor do they want big bags. It is not for commercial shooting in their case, but for sporting in the widest sense of the term, that they make this request.

Mr. EMMERSON: I wish to align myself with the hon. member for Cumberland in this matter. Cumberland county and Westmorland lie together at the head of the bay of Fundy. A great many birds are bred in the

Chignecto area. I have been receiving protests from the fish and game protective association branch in Sackville and also in Moncton against the recent order in council changing the date from September 15 to October 1. The men in that locality are not what one might call game hogs. They are prepared to go along with the government in its effort to meet the treaty arrangements with the United States for the preservation of birds, and they are also prepared to go to the extent of cutting down the daily bag and the total bag, but they want an opportunity to shoot. The birds start to leave in the first or second week in October and by the middle of October there is practically no shooting. This means that if the season begins on the first of October they get about two weeks. They are willing to cut down on the number of birds they shoot, but they want to have an opportunity to shoot for at least three or four weeks. Most of them have no opportunity at all, except in the evenings. A good many of the men working in the railway shops in Moncton and Sackville foundries and on the farms want to take advantage of that opportunity in the evening to shoot over the decoys, and I urge the minister to give serious consideration to restoring the date to September 15, where it has been for years. There are three zones in New Brunswick. Westmorland is in the large zone, and I have reason to know that the majority of the people in New Brunswick, particularly in the area of that large zone No. 3, want the season to open on September 15. There is a disadvantage, of course, in having it open early because, as duck hunters know, the early birds have too many pinfeathers; but it is better to have ducks with pinfeathers than no ducks at all.

Mr. HAZEN: No complaints have been brought to my attention, although for some years I was actively associated with the fish and game protective association in New Brunswick. I am not in the habit of congratulating the minister or other members of the government on what they do, and in that respect I differ from some of the members on this side of the house. At the same time I would say to the minister that I believe he has taken a step in the right direction in shortening the season and limiting the bag for our water-fowl. I think it is clear that the water-fowl, despite all conservation measures that have been taken, are decreasing in this country and the situation has to be faced. This may be due partly to the drought, but it is due largely to overshooting, and if it is due to overshooting in the last year or two, when so many of our men have been overseas, what will the condition be like in the next few years unless something is done? It would be a great calamity if these birds were wiped out or further reduced in numbers. The only suggestion I have to make is that the minister would be well advised to consult, as no doubt he does consult, Mr. Tufts, the migratory birds officer of the maritime provinces, who is familiar with these matters and who, I know, is very much interested in the conservation of such birds.

Mr. GLEN: The hon. member for Westmorland and the hon. member for Cumberland have already seen me with regard to the matter. Apparently there is a peculiar situation in that district, differing from that in other parts of the eastern coast. I have been receiving communications. The hon. member for Cumberland has asked me to give the matter my personal attention and I shall do so. I understand that some communications have come in which I have not been able to see to-day, but I will look into the matter and, if possible, try to rectify it.

Mr. BLACK (Cumberland): I thank the minister. As far as Mr. Tufts is concerned, I know he has done excellent work and his intentions are good. But he lives in a part of the province where the season opens two or three weeks earlier than it does in the area about which the hon. member for Westmorland and I have been speaking, and it also closes later. So that if the season opened two weeks earlier in the Chignecto area it would be comparable to the season in the district in which Mr. Tufts himself lives. Again I wish to say I appreciate the splendid work which Mr. Tufts has done in protecting the bird life of this country.

Mr. HAZEN: I do not think the migratory birds officer of the maritime provinces will be influenced by the particular district in which he lives. Knowing him as I do, I think what is going to influence him is his interest in the conservation of these birds. That will be his first and fundamental interest, and it is on that principle that he will base his judgment.

Item agreed to.

Lands, Parks and Forests branch—

160. Forest and wild life conservation, $40,000.

Mr. ROSS (St. Paul's): I knew Jack Miner many years ago. There is no question that he did a fine job, but he cannot do it all by himself. He needs help. I am in favour of giving him all the help he needs. Jack Miner was one of those fellows who understood the reason for the decline in the duck population. I do not agree with my colleague who

just spoke about shooting. The shooting season should be shortened. We need a limit on the number of ducks taken in a year. No one wants to be a hog about it. It is a sport. Shooting is not what is killing the duck population particularly since we have done away with a lot of these things like swivel-guns. What we need is more sanctuaries for the birds, some place where they can land and be fed. It is not enough for the ducks to have some place to land where they are protected. They require to be fed. We need more of these places where they are fed, such as Jack Miner's place.

I know a little about conservation of birds because I have had something to do with it for a great many years. I am not one of those fellows who go out in a hide just for the fun of shooting ducks. I have sat down and watched them come down in front of me and play around, and I was ashamed to shoot them. I like to shoot them when they are in the air. But we have crows, jackdaws, owls, jackfish, turtles and frogs which prey upon the young ducks. We ought to get the public interested in that aspect of the question so that the young birds could be protected and grow up. We have family allowances which take care of the children. Why should we not look after the young of the game birds so that our children will have a chance to shoot the birds when they grow up?

Item agreed to.

Lands, Parks and Surveys branch—
161. Grant to Jack Miner migratory bird foundation, $5,000.

Mr. MacNICOL: I should be derelict in my duty if I did not express the appreciation of those who are so interested in the marvellous work which is being done at the Miner foundation near Kingsville. The raising of the estimate from $2,500 to $5,000 is a step in the right direction. Lest anyone should think the foundation profits out of this vote, it is my duty to say that the foundation feeds around 14,000 bushels of corn a year to the geese, and that amount is continually growing, is getting larger all the time because a large number of geese stay all winter. I am sure it will please the foundation very much to learn that this vote has been increased.

Mr. WINKLER: I rise not to criticize the vote of $5,000 to the Jack Miner migratory foundation but to remind the committee that there are other organizations and other people throughout the country who are engaged in the same kind of work. In the constituency of Lisgar in Manitoba about four miles from the town of Morris there is a family by the name of Gebauer who, for some twenty years, have been feeding migratory birds, mostly ducks and geese. They have scraped a hole in the ground on the bald prairie and, by means of dams and other arrangements, have been able to look after a great many birds. As the hon. member for Davenport has pointed out, the main cost is in the feeding. Has consideration been given to the comparative merits of other people who are engaged in this same kind of work?

Item agreed to.

Lands, Parks and Forests branch—National parks bureau—
762. National parks and historic sites services—further amount required, $21,000.

Mr. GLEN: The leader of the opposition wished to have an opportunity of making some remarks on this vote. He may be here later; therefore I ask that the item be allowed to stand until he is present.

Item stands.

Surveys and Engineering branch—
164. Dominion Astrophysical observatory, Victoria, B.C., $36,273.

Mr. FRASER: What is the extra amount for?

Mr. GLEN: The increase is required to provide for the payment of salaries of officers returned from military leave or on loan to the war department; for increases in salaries due to promotion or reclassification or for statutory increases; also for the purchase of special scientific equipment.

Item agreed to.

Surveys and Engineering branch—
165. Dominion water and power bureau, including the administration of the Dominion Water Power and Irrigation Acts, $272,000.

Mr. BLACKMORE: Will the minister give us a summary of the activities of this water and power bureau?

Mr. GLEN: This vote was used in 1945-46 for the work of the dominion water and power bureau in making hydrometric measurements securing essential data on the flow of international and other waters and the administration of the Dominion Water Power and Irrigation Acts. The vote for 1946-47 will be used for the same purpose, but with some extensions to provide for work particularly required in the water resource field.

The increase of $21,000 results from the return to duty of four engineers who have been on military leave, amounting to $11,460, and to statutory increases offset by the release of certain temporary employees. In addition, an increase in the hydrometric work in the southwestern portion of Ontario to the extent

of $4,500 is being undertaken at the request of that province, which will be covered by an increased contribution of that amount from Ontario; also surveys at the Whitedog falls on the Winnipeg river being undertaken at the request of the Department of Reconstruction, estimated cost $5,000.

Item agreed to.

Surveys and Engineering branch—

166. To provide for studies and surveys of the Columbia river watershed in Canada, $300,000.

Mr. FRASER: This is a new vote. Will the minister explain exactly what it is for?

Mr. GLEN: This was in the External Affairs vote last year. It is a new vote so far as we are concerned. On a joint reference of the governments of Canada and of the United States, the international joint commission was directed to have a complete investigation made of the Columbia river watershed.

Mr. MacNICOL: For what purpose?

Mr. GLEN: For the carrying out of the studies—for irrigation and power purposes.

Mr. MacNICOL: Partly that.

Mr. GLEN: The carrying out of the studies and the surveys in Canada has been entrusted to the dominion water and power bureau, surveys and engineering branch, by the Canadian section of the international joint commission. This bureau has its own staff and it has secured the cooperation of other services of the branch and also of the Department of Public Works for the purposes of carrying out the investigations and office studies which are now in progress. An increase of $300,000 is shown in the estimates, but the increase is in reality, $170,000. A total of $130,000 was provided for in 1945-46 in the votes of the Department of External Affairs, and the increase of $170,000 is due to the fact that field work is now well organized and it is anticipated that a full season's operations will be accomplished in 1946-47 by all the cooperating services, whereas in 1945-46, as was well foreseen, the season was well advanced before the field work could be undertaken, owing to the difficulties of securing personnel and the necessary transportation and other equipment.

Mr. MacNICOL: Is this not being provided for the purpose of discovering the height to which the Columbia river can be raised, in conjuction with the United States who wish to increase the height of Grand Coulee dam which would back up the waters of the river for perhaps fifty miles over the boundary?

[Mr. Glen.]

Mr. GLEN: I am told that is one of the purposes of the survey.

Mr. HERRIDGE: Since the bulk of the investigation work concerning the Columbia river is being done within my constituency, I can assure the minister that the people there are pleased to see this vote, particularly those who have lived in the district for forty or fifty years and have witnessed its development. This vote is an indication of the great development that will occur in that area. I should like to extend an invitation to the minister and to our parliamentary explorer, the hon. member for Davenport, to visit that section. I do not think the present Minister of Mines and Resources has been there.

Mr. MacNICOL: Thank you; I will come.

Mr. HERRIDGE: I do not think we have had a minister out there for a number of years. When this development is completed it will be one of the greatest in the world. I believe the potential development will be in the neighbourhood of 30,000,000 horse-power. At the present time there is a greater development of electrical energy in Kootenay West than in the rest of British Columbia. I want to express the appreciation of my constituents for the policy undertaken by the department of seeing that news bulletins concerning the work are issued from time to time. The people there find these extremely interesting, and I think it is an excellent thing to keep the people concerned informed of what is taking place. What will be the procedure that will be followed by the international commission in dealing with these matters and how can those interested in the district express their views? There are many people who will be affected by the raising of these water levels, by the damming of rivers and so on.

Mr. GLEN: There will be a report by our own officers to the international joint commission and also one by the United States officers. Following that, the decision will be made.

Mr. HERRIDGE: What procedure will have to be followed by the people in the district in order to be able to express their views with regard to the development?

Mr. GLEN: I am told that the Canadian commission will have hearings at which any representative body or individual may make representations.

Item agreed to.

Surveys and Engineering branch—
167. Lake of the Woods control board, $8,950.

Mr. MacNICOL: This vote is of long standing. It should be a small matter to regulate the flow out of Lake of the Woods down the Winnipeg river. The Norman dam has been there a long time and it should be a simple matter to control the level of the lake. I believe the level should be 1,061·25 feet above sea level as registered at Warroad in the United States, and I cannot understand why such an expenditure is required.

Mr. GLEN: This vote is to provide for the salaries and operating expenses of the staff serving the Lake of the Woods control board which is responsible for regulating the levels in accordance with the treaty between Canada and the United States. These regulations cover the control of the run-off from the Lake of the Woods storage basin. Ontario, Manitoba and the dominion are all interested in the run-off and, as a consequence, there has to be a staff. Particulars will be found on page 147 of the main estimates. These show a senior engineering clerk and water and power engineers, as well as wages, including gauge readers. Total salaries and wages amount to $6,460, and then provision is made for cost of living bonuses, travelling expenses, supplies and equipment, sundries and field, travel and incidental expenses. It is necessary to have these engineers for the purpose of controlling the run-off.

Mr. MacNICOL: I am not opposing the vote. Sixty-two per cent of the watershed is in Canada and the remainder in the United States, and that country must also contribute toward the regulating of the water level.

Mr. GLEN: They have a board also.

Mr. MacNICOL: It seems to me that this is a large amount of money for such a small thing as this. The Norman is a permanent dam and should be easily regulated, in fact, the regulation should be almost automatic.

Item agreed to.

Surveys and Engineering branch—
168. To provide for the expenses incurred under the agreement between the dominion, Ontario and Manitoba, confirmed by the Lac Seul Conservation Act, 1928, moneys expended to be largely reimbursed, $20,650.

Mr. MacNICOL: This conservation is carried out in order to control the flow in the English river to provide power further down the river for the Manitoba power companies. When is the need for this vote going to end?

Mr. GLEN: I do not see any end to this; it may continue as long as the waters of the

Mr. MacNICOL: The vote states that the moneys expended are to be largely reimbursed.

Mr. GLEN: By the provinces.

Mr. MacNICOL: Are we ever going to get it?

Mr. GLEN: We are getting it every year.

Item agreed to.

Surveys and Engineering branch—
169. To provide for acquiring flowage easements and discharging claims of owners of riparian lands in Ontario below the outlets of Lake of the Woods affected by regulation under the Lake of the Woods Control Board Act (revote), $500.

Mr. BLACKMORE: I find it difficult to understand how such a small sum will be adequate for these purposes. Would the minister give us a word of explanation?

Mr. GLEN: This is a matter that has been in negotiation for some years. This will take care of any claims by riparian owners this year.

Item agreed to.

Surveys and Engineering branch—
170. Engineering and construction service, $106,880.

Mr. HERRIDGE: I am not going to repeat what the hon. member for Regina City said this afternoon, but I heartily support his remarks in connection with the necessity of a government policy in regard to the trans-Canada highway. I understand that under the Canada Highways Act, 1919, the dominion government granted $20,000,000 to the provinces for assistance in building highways. At the beginning of 1936 there was certain assistance given to the provinces. As far as British Columbia is concerned, the larger measure of that assistance was given between 1929 and 1930 under what was at that time the Department of the Interior, in connection with the construction of the road between Golden and Revelstoke. Then the government made certain proposals at the dominion-provincial conference, which the people were hopeful would succeed, for the maintenance of the trans-Canada highway system on a fifty-fifty basis. Unfortunately the conference failed temporarily, and those plans are delayed. But the people in the southern and interior parts of British Columbia are concerned about this matter, particularly those who live in the mountainous district where road construction is expensive and the population sparse. They are particularly interested in the highway in British Columbia; but, because of their interest in that highway, they are generally interested in this government's having a policy with

regard to the construction of sections of the trans-Canada highway in cooperation with the provinces.

I have here a publication issued by the public roads administration of the United States, and published in 1945. I shall read only a short paragraph from it, but I might point out that the whole publication deals with the urgent necessity for cooperation between the federal administration in the United States, and the states for the development of a federal highways system as part of their post-war reconstruction plan. The first paragraph reads:

> The Federal-Aid Highways Act, 1944, is the third great highway legislative act in the history of the country. It marks the pattern for highway improvements for the next ten to twenty years. This act authorizes $500 million for the construction of highways in each of the first three post-war years, and requires the designation of two new highways systems, in addition to the existing federal aid system.

I have quoted that only to show how they are approaching this question in the United States, and how they rely on this means to develop their country. If we in Canada were doing the same thing in a proportionate basis at this time we would be voting at least $50 million from the dominion treasury to cooperate with the provincial governments in the building of the trans-Canada highway. I urge that the government give this problem serious consideration. If there is failure to have a successful dominion-provincial conference in the near future, I would urge that the federal government ought not to delay its plan in this connection. It may be that at the present time or in the immediate future labour supplies and the supplies of materials may not be available. I think, however, the dominion government should take some concrete action in regard to its plan for the future.

Mr. POULIOT: I have just a word to say, after the appropriate remarks of the hon. member for Kootenay West. In the first place, I shall do for him something he has never done for me; I will support what he has said, and with great pleasure.

The question of the trans-Canada highway is an important one, because it involves the convenience of Canadians who would travel on their own territory from coast to coast. Such a highway will promote national understanding and better trade relations throughout the country. I am informed that there is no vote in the estimates for the trans-Canada highway. However, a large amount has been spent by the dominion government in this connection, but the province of Quebec has been the forgotten child. It has received the least amount for the highway.

I shall not at the moment discuss the reason. It is a situation, however, which can be corrected. I would draw the minister's attention to the fact that one of the finest sections of the trans-Canada highway is that from Rivière du Loup going east to Edmundston. It is an old military road in which the late Hon. Norman Rogers was deeply interested when he was minister of labour. At that time the work was done under the Department of Labour, and not under the Department of Mines and Resources. He had a fine plan at the time he was transferred to another department, but for one reason or another that plan did not materialize. Now that we have in charge of the Department of Mines and Resources another genial minister who is a great Canadian, I am sure he will pay close attention to what was said this afternoon by the hon. member for Regina City, what was said this evening by the hon. member for Kootenay West, and also the remarks just now being made.

I shall not insist further, because I know, when the minister's attention is directed to a matter, he has the gift of remembering it. If nothing is done at the present time, then I would hope that next year he would not forget the remarks which have been made by several members of parliament emphasizing the necessity for improvement of that great means of communication from coast to coast.

Mr. GLEN: Possibly I should point out that there is no vote on which we can discuss the trans-Canada highway. However, before leaving this afternoon the hon. member for Regina City wished to make his contribution to the debate, and I agreed that he should do so.

The hon. member for Kootenay West has pretty well established our present position. The trans-Canada highway is not the responsibility of the dominion government alone. It is within the jurisdiction of the provinces. The dominion made its proposals before the dominion-provincial conference in connection with making its contribution to the building of the trans-Canada highway. Until arrangements are made with the provinces not much can be done. It is not within the jurisdiction of this department. Permission to discuss the matter was given really as a matter of courtesy to the hon. member before he left.

Mr. BLACKMORE: I associate myself with members who have spoken thus far on the subject, namely the hon. members for Regina City, Kootenay West and Temiscouata. It would be of value to the committee at the present time if the minister would give some

idea as to the amount of money which has been spent in the various provinces on the construction of what might be coordinated into the trans-Canada highway.

I was somewhat concerned to hear that Quebec has been forgotten. If that is so—and I have no reason to doubt the hon. member for Temiscouata—then I think an explanation is forthcoming, and the matter should be rectified.

I should like to say a word or two respecting the trans-Canada highway from another angle. The other day we were discussing the estimates of the Minister of National Defence, and reference was made to the Alaska highway with which, of course, the minister is thoroughly familiar. I realize that that highway could be of great value from the point of view of tourists, and the point of view of the commercial use of the highway. If suitable roads were built, particularly from the western provinces, to that highway, it would be of great importance not only from the point of view of tourists, but from the commercial point of view, and also that of any possible emergency which might arise.

For this reason I am particularly interested in the trans-Canada highway because it would give a means of connecting up immediately western Ontario with the western coast, and of connecting the four provinces directly with the Alaska highway. Would the minister tell the committee why there has not been an item for the trans-Canada highway? I was looking this year in the estimates of the Minister of Public Works for such an item, but I looked in vain, and I do not find one in the estimates of the Minister of Mines and Resources. Could he give the committee some constructive information in the matter?

Before taking my seat, I would say that I do not like to see the good things the dominion government proposes to do tied up too securely with the contingency of the success of the dominion-provincial conference. Whether or not that conference is a success, I believe we should launch out with a bold policy. After all, the provinces are contributing substantially to the revenue of the country, and a development as important as the trans-Canada highway should not depend upon the success or failure of a dominion-provincial conference.

Mr. GLEN: The hon. member asked me to give some idea of the cost to the provinces of the building of the trans-Canada highway. I have said that I have no vote dealing with that highway, and therefore I have no information as to costs which I could supply. He has said he does not wish to see this matter tied up too closely with the dominion-provincial conference. The unfortunate thing is this, so far as that suggestion is concerned, that the roads are under the jurisdiction of the provinces, and that will be taken into account in whatever arrangements are made between the dominion and the provinces. The dominion in its proposals to the conference had included the trans-Canada highway. While my estimates have no vote for this purpose, the discussion may be of value because the hon. member for Temiscouata has asked for something and so has the hon. member for Lethbridge, and I am sure that something will be done in the future. In the meantime, for the reasons I have indicated, I cannot give any estimate of the amounts contributed by the provinces.

Mr. BLACKMORE: I earnestly suggest that the minister take this matter up with his colleagues with the objective of having an item in the estimates next year. I think it is high time that the efforts of all the provinces were coordinated with the dominion with respect to the trans-Canada highway.

Item agreed to.

Surveys and Engineering branch—

171. Grimshaw-Great Slave lake road—amount required for construction of provincial section in 1946-47, under terms of agreement with Alberta, $450,000.

Mr. MacNICOL: I rise to support this item. It is the first time that a vote has been in our estimates for the Grimshaw-Hay River road. I understand that the federal government is building the road in conjunction with the government of Alberta, or is the federal government doing it all? It is about 272 miles of road from Grimshaw to the 60th parallel, all in the province of Alberta. But the province of Alberta has already built a roadway up there. I have been along it for ninety miles by motor car, and beyond that I believe the province of Alberta have built what they call a winter road over which they run sleighs drawn by tractors all the way from Grimshaw as far as Yellowknife. From Grimshaw itself to the lake is 272 miles plus eighty miles. That eighty miles of road is within dominion territory.

Mr. GLEN: It is eighty-one.

Mr. MacNICOL: Maybe the minister counts one mile farther than I did. That would make 353 miles, and then 100 miles across the lake from Hay River to Yellowknife. I think the minister told me that there is no intention at present of extending the

road from Alexander falls, which is on the Grimshaw-Hay River road, west around the Great Slave lake because that would be a very long mileage. If I had any suggestion to make it would be that you build docks at Hay River and use wide flat-bottomed boats that would be suitable in the storms on Great Slave lake to cut across the 100 miles to Yellowknife. This road would provide much faster transportation than going down the Athabaska river and down the Slave river because of the portages that would have to be made between Fort Fitzgerald and Fort Smith on the Slave river. I heartily endorse this vote, which will help to develop that great country.

Mr. LOW: Has the minister given consideration to a resumption of the pre-war policy of contributing fifty per cent with the provinces for the construction of park-to-park highways and roads of that description in the parks?

Mr. GLEN: I am sorry that I have again to invoke the dominion-provincial conference as a reason why that is not being done. Nevertheless facts are facts and one must recognize them. The position is that we have not adopted the policy formerly carried on with regard to assistance for these roads. The Grimshaw road is one that came under that policy before. We are building that road in conjunction with the province of Alberta and paying two-thirds of the cost. Two hundred and forty-five miles of new road will go up to the northern boundary of Alberta, and from there eighty-one miles to the Hay river. We will build the road in the northwest territories at the dominion expense.

Mr. LOW: Just what progress has been made this season on the northern section of that road?

Mr. GLEN: In the northwest territories?

Mr. LOW: Yes.

Mr. GLEN: We have made little progress in so far as actual construction is concerned. but the contract has been let, and they are getting in their supplies and equipment in order that they may be able, when the Grimshaw road gets to the northern Alberta boundary, to carry on to Great Slave lake.

Mr. LOW: Has the provincial government completed its section?

Mr. GLEN: No, not yet. But the two contractors have combined to have it completed, if possible, in 1947.

Item agreed to.

[Mr. MacNicol.]

Surveys and Engineering branch—
175. Hydrographic service, $794,350.

Mr. ZAPLITNY: This is the item to which I made reference earlier with reference to the charting of lakes. The minister may recall that I have had some correspondence with him in connection with lake Winnipegosis which the board of trade informs me has never been charted, and because of the lack of dredging in the last few years—I understand that dredging was discontinued during the war—I am informed that navigation on the lake is becoming dangerous. As the minister knows, the whole town depends on the fishing business as well as the smaller towns on the west side of the lake. Is the charting of that lake being considered?

Mr. GLEN: Instructions have been given to get ready for the hydrographic work next year and the officers are preparing their material for doing that very work.

Mr. ZAPLITNY: Thank you.

Item agreed to.

Demobilization and Reconversion—Surveys and Engineering branch—
556. Employment of persons of the Japanese race and/or Japanese nationals, $240,000.

Mr. MENARY: What is to be done with these Japanese? Are they to be permanently employed there? How many of them are there, and in what districts are they located?

Mr. GLEN: This vote was used in 1945-46 to provide employment for persons of the Japanese race who had been removed from the protected areas in British Columbia. It is also to provide for the salaries of the engineers, and the vote will be used for the same purpose as last year's vote. It is not likely that more than $60,000 of this vote will be required because there is a diminishing number of these Japanese. It is just cleaning up the Japanese situation in these camps.

Item agreed to.

Demobilization and Reconversion—Surveys and Engineering branch—
558. Geodetic service, $163,100.

Mr. MacNICOL: Does this cover the map portion of the whole geodetic service?

Mr. GLEN: No, it does not.

Mr. MacNICOL: Because we had another vote a few moments ago, No. 172, in which we voted $197,960 for geodetic service, and this vote calls for $163,100.

Mr. GLEN: This is post-war work and is in connection with the mapping control programme.

Item agreed to.

Surveys and Engineering branch—

771. To provide for the survey of the Yukon Territory section of a highway from the Alaska highway to Atlin, B.C., $15,000.

Mr. ARCHIBALD: Is this definitely to survey the route or the finishing of the route from the town of Atlin out to the Alcan highway?

Mr. GLEN: Yes.

Mr. ARCHIBALD: Is it wholly a dominion project?

Mr. GLEN: We pay for the Yukon survey and the province of British Columbia pays for its own survey.

Mr. ARCHIBALD: After the survey is through, is it intended to put the highway down in the Yukon section?

Mr. GLEN: I am afraid that will depend upon the survey. We shall have to wait until the survey is completed and then arrive at a decision.

Mr. ARCHIBALD: Have any surveys been made south of there besides this one to Atlin?

Mr. GLEN: Just Atlin to the Alaska highway.

Item agreed to.

Surveys and Engineering branch—

772. Geodetic service—further amount required, $6,100.

Mr. MacNICOL: This is the third item in the last few minutes for the geodetic service. Is it extra, or what is it for?

Mr. GLEN: It is for extra staff and for reclassifications of the present staff.

Surveys and Engineering branch—

775. To provide for the construction in the Snare river drainage basin, Northwest Territories, of a combined storage and hydro-electric development to serve the Yellowknife district, and to authorize the Minister of Mines and Resources with the approval of the governor general in council to engage engineering assistance and to undertake all related works by day labour or contract, $950,000.

Mr. MacNICOL: I want to say a word about this. The Snare river runs through a lake or two into the Great Slave lake bay, on which Fort Rae is located, and this vote is for the coupling up or joining together of the Snare river and the Emile river basin. One can easily see by the maps that the two rivers in their watersheds are very close together. What is the reason that the waters of these two rivers are to be joined?

Mr. GLEN: When we were approached with regard to hydro-development in the Yellowknife area, the Giant Yellowknife Company were proposing to make this expenditure and to provide power from the Snare river by three stages. The matter was discussed fully with the Minister of Reconstruction and myself, and we came to the conclusion that if any hydro-electric power plant was to be built in that territory, the dominion government should do it. We therefore decided we would enter into that project and harness the power there for the benefit not only of the mines now existing but also for the townsite of Yellowknife; and we have an agreement with the Giant Yellowknife Gold Mines whereby they are going to built the transmission lines in order to connect up with this hydro development. The amount of power to be developed there is not very large, 25,000 horse-power when the full project is completed, at levels which have been gauged by officers, not very much detailed, but they took that as the minimum, and the probabilities are that there will be more.

Mr. MacNICOL: Where is the powerhouse going to be?

Mr. GLEN: The powerhouse itself will be on the Snare river.

Mr. MacNICOL: Where it discharges in Slemon lake?

Mr. GLEN: No; that is a future development. The first development is being built now on the Snare river, and it is going to yield about 8,000 horse-power. That will take care of the mines which are in existence there as well as provide power for the Yellowknife townsite which is now being created. The contracts have been let; they now have their supplies in and they hope to finish that first portion of the scheme in 1948. We felt that this was a matter, for a large district, with a great influx of people coming into it, and the likelihood of very much more development in the mines, which required that the dominion, having jurisdiction over the northwest territories, should do, and in consequence the contracts have been let.

Mr. MacNICOL: Who is to build the power line from the power site to Yellowknife, which will be not less than seventy-five miles away, and perhaps more?

Mr. GLEN: The Giant Yellowknife Gold Mines are building this transmission line, but we have the right to take it over if and when we desire to do so.

Mr. MacNICOL: Is the minister able to give any information about the probability of developing power in the Lockhart river?

Lockhart river has four excellent falls within twenty-five miles between the outlet from Artillery lake to Great Slave lake. One of these falls is 135 feet high. There must be a vast amount of power there.

Mr. GLEN: There is no immediate project in view as far as Lockhart river is concerned. As my hon. friend knows, that is a considerable distance from the Yellowknife, and while it is true that a great deal of exploration is going on east of the Yellowknife, and, if one can believe fifty per cent of what one is told by the mining men, there is a very large field of development there, at the moment it is too soon in our judgment to enter into any project to harness the Lockhart river, although it is well known that in that river there is abundant power to take care of all requirements, at least in the immediate mining field. But at the moment it is an unproven field. There are many prospectors there, but we do not at this time consider it a practical proposition.

Mr. MacNICOL: Is the line from the Snare river power plant going to connect with the line from the Grayling river power plant, which now supplies Yellowknife?

Mr. GLEN: It will connect up with the Giant Yellowknife property, which is operating with some power obtained from another mine and with diesel engines.

Mr. MacNICOL: The Grayling dam is sixteen miles north of the Yellowknife?

Mr. GLEN: That is the one.

Mr. MACDONNELL (Muskoka-Ontario): I was not quite clear just how far the estimates for this job had gone. Is this the full amount required for developing the power at present contemplated?

Mr. GLEN: The whole project?

Mr. MACDONNELL (Muskoka-Ontario): Yes.

Mr. GLEN: No. This is the first portion.

Mr. MACDONNELL (Muskoka-Ontario): Is there a plan covering the whole project?

Mr. GLEN: Yes.

Mr. MACDONNELL (Muskoka-Ontario): What is the total amount for it?

Mr. GLEN: The present programme contemplates the construction of a storage dam to develop 8,000 horse-power. This plant will be constructed by the department and operated under its auspices, and the amount involved is $2,800,000.

Mr. MACDONNELL (Muskoka-Ontario): Has the minister an estimate of the possible income to be derived from this?

Mr. GLEN: Rates will be charged for the power from the new plant, set on actual cost basis, and the rate per horse-power will cover overhead charges, capital investment and so forth. These rates will be set later. The initial rate will be about $95 per horse-power year.

Mr. MACDONNELL (Muskoka-Ontario): Is anyone agreeing to pay this rate?

Mr. GLEN: Yes; they are willing to pay it.

Mr. MACDONNELL (Muskoka-Ontario): But have they contracted to pay it?

Mr. GLEN: Yes. There is no objection to the price. They realize that in the first instance the price has to be very high and that, as more users are found, it will be reduced.

Mr. MACDONNELL (Muskoka-Ontario): This is the first unit. Will it be self-sufficient, operated by itself in advance of the completion of the rest?

Mr. GLEN: Yes.

Mr. MACDONNELL (Muskoka-Ontario): I observe it says, "to undertake works by day labour or contract." You are not sure yet whether you will get a contract.

Mr. GLEN: The contract has been let.

Mr. MACDONNELL (Muskoka-Ontario): There is a firm contract from the mines to buy sufficient power to take care of operating costs. What about return on investment?

Mr. GLEN: There is no profit.

Mr. MACDONNELL (Muskoka-Ontario): Is the government contributing this? Will it get only operating cost and no return of its money?

Mr. GLEN: The cost will be amortized over a period of fifteen years.

Mr. MACDONNELL (Muskoka-Ontario): And the rate is calculated to do that?

Mr. GLEN: Yes.

Mr. MacNICOL: I understood the minister to say that this hydro power will sell at $95 per horse-power.

Mr. GLEN: Per horse-power year.

Mr. MacNICOL: Yes. That is the way it is taken. I presume production will be around 7,000 horse-power.

Mr. GLEN: Eight thousand horse-power.

Mr. MacNICOL: That makes it worse. That would mean $760,000 a year. That is a

pretty stiff price to pay for power. When we were buying Niagara falls power we paid in Toronto $18 per horse-power.

Mr. GLEN: I am told they are glad to have it.

Mr. MACDONNELL (Muskoka-Ontario): There is a contract to pay for power at this rate for the whole 8,000 horse-power, and that is calculated to be sufficient to pay carrying charges, interest and amortization.

Mr. GLEN: Giant Yellowknife will not be the only ones using it. There will be other mines that will be using it as well. Giant Yellowknife will have to have 4,000 horse-power.

Item agreed to.

Indian Affairs branch—
178. Branch administration, $61,005.

Mr. CASTLEDEN: This is a particularly important item in that it has to do with the responsibility of the Canadian people toward 130,000 or so of our red brothers who live among us. These people have hopes, fears, and ambitions just as we have. The vast majority of them, when you go among them to study their conditions, are found to be severely subjected and frustrated in their efforts to do anything. They are badly exploited and greatly misunderstood in Canada. They are often blamed for many things of which they are not guilty. Our responsibility should go to the extent of training these people, informing them and maintaining them under a proper standard of living, giving them an opportunity to make that contribution to Canadian life of which they are capable. Some of the worst features of the whole situation are found to be that under the administration to-day the Indian himself has no appeal, no voice in his own affairs, no way of making his difficulties and trials heard, and he lives in a state of abject subjugation. The result is disease, want and suffering among these people, such as should not prevail in Canada, and it goes even to the extent of ill treatment.

In making a study of conditions among the Indians, and the principles under which we operate this department, I find that there are certain treaties signed by those people who, years ago, took over this Canada of ours from the Indians. They signed treaties with various Indians in different parts of the dominion. If you study these treaties signed by representatives of Queen Victoria and other sovereigns you will find how the government of to-day lives up to them. You find such flagrant violations of the treaties as to give us pause. You find also that those officials who were put in charge of the Indians have in many cases dictatorial power and complete control over the life and existence of these people. The training of the Indian is incomplete. There is no real opportunity for him such as there is for the whites, and one is sometimes astounded at the apathy of Canadians generally to the conditions among these people. They are put off on reserves in sparsely settled areas.

Mr. REID: They can fish in British Columbia just as well as the white man.

Mr. CASTLEDEN: I know the hon. member is capable of giving us his opinion and I have no doubt he will do so, but there are 130,000 Indians and they are not all fishing salmon in British Columbia. They have no place to which to appeal to obtain redress for their conditions; there is no one in authority to speak for them; they have no voice. They have not the capacity properly to organize themselves. These people have character and ability. They have a fine attitude toward one another and toward life generally. When we have conscripted them into the army or when they have volunteered they have made good soldiers. They can be a great people; they have proved that when they have been able to escape from the control of the department. Many things remain to be done to make them economically sound. First of all, they can make a living. Where they have had an opportunity they have proved themselves to be good.

I am not going to deal with the troubles of the past or the record of Canada in the past in the treatment of these fine people. I am looking forward to what we can do toward salvaging them and helping them to make their contribution to Canada, and they can make a great contribution. Toward this end I think this year has marked a step forward. The minister in charge of the department is to be congratulated on the fact that he has some new officials who seem to have a vision of what is needed. After some years of protest, a joint committee of the House of Commons and the Senate was finally set up to make a study of this problem. It was not a royal commission as we had hoped. I was disappointed that, after the committee met, it did not see fit to invite Indians to send representatives who could sit on the committee and give us some evidence of actual conditions of life on the reserve and what opportunities they have. After all, people living on these reserves under the Indian agents and under the control as they have it to-day could give us the best information. As proof of my contention that the Indians can give us the best information, on August 6 last we had before

us an Indian. His story is of great interest and should be an eye-opener to the Canadian people. This Indian has gone so far and has made such a success of his life because twenty-five years ago he made up his mind to escape from the Indian reserve and controls. He made a living for himself. He joined the army in the two wars and rose to the highly important position of being a brigadier in the Canadian army. As I say, he appeared before the committee, and I shall put on the record one or two things which he said which were particularly revealing.

Mr. GIBSON (Comox-Alberni): They are already on the record.

Mr. CASTLEDEN: They should be on the record here; the members of this committee should have them. He told how his father started out on the Indian reserve at Brantford. His father was a carpenter, an industrious man who worked his way up. He obtained some contracts and worked in the Indian department on his own reserve. He said:

> Therefore whenever he was awarded a contract, it was necessary for him to make an arrangement with a Brantford city merchant, through the Indian agent, to supply him with materials and cash for his work, to be paid back when the cheque came through, as it eventually did, in payment for the completed job.

He was talking about building a bridge on the reserve. He said:

> During the summer of 1911 or 1912 he got a larger contract than usual, for building a reinforced concrete bridge which took some two or three months to complete. In due course the work was done. The cheque came along. The accounting was made with the merchant showing that my father had a balance due him of $1,600. The cheque was endorsed, and when he called for his money a day or so later, he was given $1,100 only, with the explanation from the agent that somewhere a mistake had been made. When he demanded to be shown where the mistake was he was put off, time after time, and never was shown to the time of his death. To get contracts, you have to do what is commonly known as "play ball" with the Indian agents. In those days, although the council of the Six Nations awarded the contract, the agent had to approve and recommend it to the then department before it was finally granted by them. I am not at this late date accusing the agent of theft. I intend only to show how some agents disregard the obligations which they should have towards the people they are expected to instruct and guide.

Then he goes on to show how he was denied an education, and although the Six Nations themselves passed resolutions asking the government to grant money for the education of these men, it was turned down. He went to the department and asked why they turned down the request of the Six Nations Indians themselves to spend some of their own money in educating these men. He was surprised to get their answer which was as follows:

> It is no use sending you Indians to school, you just go back to the reserve anyway.

He served in the army, went back to the reserve, got some education and started teaching school there. He got some land under the soldier settlement board of the first great war and found that he would not be allowed to rent this land and continue with his work of teaching, in spite of the fact that he had been given the assurance that he would be allowed to do so. He found that his job was taken away from him. He then proceeded to tell the story of his whole life. Finally, in despair he became so angered at the Indian agent—he was so badly treated—that he decided to get away. This man was particularly anxious that the department should do something about their conduct toward the Indians in order to remove the antagonism which existed amongst many of the old people toward the administration.

There is also the efforts of the Indians themselves. Another representative of the Indians was a man by the name of Andrew Paul, who is the chairman or president of some North American Indian brotherhood. He appeared before the committee. He was chosen by the Indians to protest against the way they have been treated. Probably the North American Indian brotherhood was not constitutionally organized. There are difficulties in their organization, but it was the best the Indians could do. I do not think he himself had done very much in the way of preparing his work, and his evidence before the committee was not as good as that of the brigadier. At any rate it showed the efforts of the Indians themselves to get redress for their wrongs.

Generally speaking, the committee has done a great deal of good. It has done a great deal toward focusing attention on a serious problem in Canada. It has revealed serious conditions and has given a great deal of hope to these frustrated people. It has given facts and figures which should be of great help to hon. members in dealing with the problem of how the Canadian people are to treat their red brothers.

The committee soon realized what a great job there was to be done, particularly when they started to investigate some of the treaties and the problems of the Indians as a whole as they exist from coast to coast among the different Indians. That was particularly true of some of the Indians in certain areas who are not so well advanced or so well able to take care of themselves, or are so progressively

minded as the Indians on the Mohawk Indian reserve at Brantford or the Indians on the Caughnawaga reserve south of Montreal. This is also true of the Indians of the northwest territories in the far north.

The committee tabled its report in the house. I think all members were in hearty agreement with every clause. The first recommendation was that members of the committee should voluntarily visit, during the coming recess, such Indians reserves as are in or near their division or constituency.

The second recommendation was an important one and reads as follows:

> That at least ten members of your special joint committee be empowered by order in council as a commission to sit at such times as the said commission shall decide at various places in the maritime provinces and eastern Quebec for the purpose of continuing the inquiry into and reporting upon all those matters mentioned in your order of reference...

The second part of the second recommendation was:

> That the members of your committee be empowered by order in council to sit in Ottawa as a commission during the two weeks immediately prior to the opening of the next session of parliament, for the purpose of continuing the inquiry into and reporting upon all those matters mentioned...

This recommendation empowered us to hear evidence from the Indians and to learn of conditions among the Indians in Canada.

In order to deal further with the matter, they recommended that a small inter-departmental committee be set up to survey and report to the next committee with regard to that particular subject matter.

Recommendation No. 5 is that the director of the Indian Affairs branch, in conjunction with the civil service commission, take immediate steps to fill such vacant key posts as Indian agents and such other vacancies in Indian Affairs branch which in the public interest must be filled forthwith.

Then the committee recommends also that the Indian Affairs branch immediately undertake the drafting of plans, first, for the construction of such additional accommodation as is necessary to relieve the present overcrowding in certain Indian day schools and, second, to provide for the construction of such other Indian day schools as, in the opinion of the said branch, are needed.

This report was concurred in by this house, and I am sure the members of the committee would like to know whether it is the intention of the department to implement these recommendations. The committee was unanimous in its decision that this work must be continued at all costs, and even with the short time between sessions they felt that the work should be carried on them. If conditions across the whole country are to be studied, at least two years more work will have to be done. I am sure that the minister will have the support of all members of that committee and most members in the house in carrying on that work.

There are a number of things which the Indian organizations across Canada have demanded in connection with the Indian Act which this committee is studying. It was asked that a commission be set up to get actual data on conditions, and they were emphatic that there should be Indian representation on that committee, that there should be a complete revision and study of the Indian treaties and that the federal government should be asked to take care of Indians seventy years of age and over in the same way that their white brothers are cared for.

They also requested that the Indian Act be so amended that no decision affecting the welfare of the Indians could be made without the consent of the Indian band. This would cover such matters as membership in the band, training and so on. They asked for properly equipped and staffed day schools and that assistance be granted to indigent, ill and disabled Indians. They asked also that steps be taken immediately to improve the terrible health conditions that exist across Canada.

I think the committee will approve the general steps taken by the department. The Indians are only too anxious to do what they can in bringing about a greater assimilation. They want to work along with their white brothers. All they are asking is a fair deal, the right to the pursuit of happiness, the right to make a living for themselves and the right to make the contribution of which they are capable. There is a new hope among these Indians and it is up to us to see that those hopes are not frustrated.

Mr. WARREN: I doubt if I would have been making this speech had it not been that one morning I looked out of my office window and saw a delegation of Indians coming up to the House of Commons. I was interested enough to visit the railway committee room and listen in for a time on the interviews. I am not going to repeat the doleful song of the hon. member for Yorkton. He has lived up to his record in connection with this subject as well as with others. I am going to tell a bright story about the Indians.

I was elected in the spring of 1937 and I commenced getting complaints from around my riding. I got complaints from the Indian reserve at Golden Lake. I visited that reserve on a number of occasions and found that

conditions were not too happy. I went to the department and made some suggestions. These Indians are located on poor land, but I suggested that this land be torn up even if the department had to purchase a tractor and other mechanized equipment to do this. After I listened to the proceedings in the railway committee room and heard some of the complaints made about the treatment of Indians in Canada, I took occasion to run up one evening to this reserve. Although it was a hurried trip, I was able to pick up a few things which were quite enlightening as to what can be accomplished by the Indians in the way of helping themselves.

I understand it was a Mr. Morris in the department who was largely responsible for what has been done there. The department did not accept my suggestion about buying a tractor but they did buy some good horses. These were not little, scrubby horses that were not able to pull a wheelbarrow; they were well-matched teams with proper harness. These horses were put in the hands of a man who knew how to handle them, who knew how to care for them, who knew how to shoe them, who knew how to keep their harness in good shape. The department paid this man a moderate sum per month to take care of these horses and the chickens and hogs that they had.

The result was that before very long they were able to tear up a few acres here and a few acres a mile or so away. They picked out the best land and they went to work in a cooperative way. We hear talk about Indian agents who are dictators, but the agent there is just the opposite. This man would not think of saying a cross word to an Indian. When they go to plant potatoes he does not stand around and watch the men and women do the work; he picks up a pail and goes along with them. The result of all this has been that, instead of importing almost 100 per cent of the food they need, they are practically self-supporting. A marvellous transformation has taken place in that reserve.

They built a community pit. During the season the Indians come to the pit once a week, and the Indian agent is there to hand them out their allotment of the different vegetables that have been grown. They can grow anything at all. The land is poor, but there is plenty of it and it is no poorer than other land that has raised large families. They get their supplies of vegetables from the community pit. There is one thing about our Indians; they will not take any more than they require.

[Mr. Warren.]

Then they began to bring in day-old chicks. These chicks are kept until they are large enough to be shipped to other reserves, even as far away as the one at Moosonee. This means that Indians on these outlying reserves now have hens. Indians who never before tasted hens' eggs now have their own little flock of hens around their doors, and their own eggs. They raise their own hogs and keep a number of brood sows. These hogs are distributed among the Indians as they require them.

In the earlier days, when one would drive through that reserve, he would never see a supply of wood in front of an Indian's home, although he might see a few green poles. When I was up there this summer I saw in front of every home a large pile of dry wood. They get together and cut their wood, and by working together, sawing it and splitting it, they have a plentiful supply of dry wood for the winter months, rather than a hand-to-mouth supply of green wood.

After they have shipped their pullets to the outlying reserves, the roosters are left to handle. The hon. member for Yorkton has talked about the government taking care of the aged and the ill. But the Indians in the reserve in Renfrew North are not asking anyone to take care of their aged or ill. They keep those roosters until the weather gets cold. Then they kill and freeze them, and after they are stored they are ready to be handed out to the aged and the ill.

They ask no one to take care of their sick. They work cooperatively and take turns sitting with any sick persons night after night. They have organized a homemakers' club. A lady named Mrs. LaValle, who, I believe, is one of the finest citizens to be found in any county, has taken responsibility in this matter. Through the operations of the homemakers' club the clothing is sent to the Indian reserve. Mrs. LaValle, as president, gets the ladies together, and any clothing that is sent in is transformed into clothing for the children. In this way they are warmly clothed and well clad, without any great effort on the part of anyone.

Then, in these years of transformation numerous new homes have been going up. Instead of being content to live in shacks, many of the Indians are building themselves fine homes. These are not too expensive, because they cut the timber on the reserve, take it to the sawmill to have it sawed, and do the building operations themselves. The result is that they are building good homes.

It is interesting to point out that the Indians in this reserve went up the river and there secured a discarded lumber camp. They had

to cut it in two to get it across the railway tracks; but, after considerable difficulty, they brought it down the river, with the result that, when I was there, they were just putting the finishing touches on a fine community hall, and that right in the Indian reserve.

A new industry is being established on that reserve in the form of a sawmill and planing mill. One of the regulations is that Indians on the reserve get a preference in the matter of labour.

Perhaps one of the most interesting advances made by those Indians is that they have gone in for the raising of goats. They developed breeding stock, although not so much for themselves, because they have a supply of milk from the dairies, if they want to avail themselves of it. However, they are raising goats and shipping them to all the reserves across Canada. Indeed, some of them may reach the Indians in Yorkton constituency. These goats are taken, at times, by the nomad Indians who get into their boats in the spring of the year, camping here and there as they choose. They will tie the legs of a goat and put it into a boat. As they proceed, the goat finds no difficulty in securing fodder, and in return the Indians have a supply of milk.

We hear much complaint about tuberculosis among the Indians, and I have no reason to doubt the reports. We were troubled with it in the Renfrew North reserve. I believe there were half a dozen cases among the Indians in that reserve, but when they started to keep goats there were no new cases reported. It seems to me that is proof—and I am sure there is other proof available—that goats' milk is at least a preventive of tuberculosis.

Large quantities of hay are required to feed their goats. They do not depend altogether on what they can grow on their reserve. If they have not enough there they go out into the neighbouring country and buy the hay as it stands. With their mowing machines, their wagons and horses they cut the hay, buy it at a moderate price and bring it to the reserve. In this way they save possibly $400 or $500 in a year.

One-fifth of the population of that reserve entered the armed forces and made a fine record for themselves. That is a most creditable showing.

The hon. member for Yorkton referred to training. Let me tell him that the training on the reserve in Renfrew North is becoming inadequate, owing to the fact that they are so anxious to go to school and to keep their children at school. The result has been that they have to build a new schoolhouse this year, or double the present accommodation and add a new teacher.

If the hon. member for Yorkton feels like complaining about the Indians I would suggest that he visit the reserve in Renfrew North and observe the happy faces and the general health of the Indians there.

Mr. GIBSON (Comox-Alberni): There would be no political value in that, at all.

Mr. CASTLEDEN: You should travel across the rest of Canada.

Mr. WARREN: Following the introduction of family allowances, it was found that they did not want to keep their children out of school, or to remove them from school until they had reached sixteen years of age, because, by so doing, they would be losing that amount of money. That is one of the benefits family allowances have brought to that district.

I am not greatly concerned about the political value of the Indian reserve, but I know that one derives a pleasant feeling when he sees the change which has taken place. If the hon. member for Yorkton were to ask one of the officials in the department I think he would be told that, prior to the transformation I have been talking about, that reserve was one of the worst spots in Canada. However, this change has been brought about by work, by finding people who will help the Indians and work with them, and through cooperation having them work together. I doubt if you could find a happier community in the Dominion of Canada than the fine Indians we have on the Indian reserve at Golden lake.

Mrs. STRUM: I was very much interested to hear the fine report of the hon. member for Renfrew North on the reserves he has visited. I think it proves several things, one being that given a chance, Indians are people and capable of improving their own conditions if they are given intelligent leadership. That is all that we in this group have ever asked for the Indians, that we remove the stigma of colour, just as we ask that the colour stigma be removed from the black man because his skin is black, or from the Chinese because his skin is yellow, or that the stigma be removed from woman just because she is born a female. We recognize that these are people and that, as people, they have basic human rights.

It is interesting to know that the family allowance has had a reflection in better school attendance. If we gave the Indians the old age pension, more of them might live to be seventy. I do not think the hon. member's idea of old age security agrees with mine. If all I get when I get to be seventy is some frozen roosters, I do not want to live to be seventy, and I want chicken before I am

seventy. The roosters are a good thing for children and middle-aged people too. Again I do not think they are old age security.

Mr. WARREN: When I get to be seventy I should like some chicken soup.

Mrs. STRUM: I hope the hon. member will be on a reserve too if old age pensions are still withheld from the Indians. It is a shame and disgrace that we should withhold the old age pension from any Canadian, most of all from the first and original Canadians in this country who should have first claim on it. I am reminded of the story I heard not long ago of an Indian who was taken to Hollywood and, after he was shown its wonders, the director said to him, "How do you like our lay-out?". The Indian replied, "How do you like our country?" Some of us seem to forget that this land was the original birthright of the Indian. We have taken from him all but the poorest land, and we insist that dozens of Indian families live on a very small acreage that no white man would attempt to use as a basis for a family farm. I have many Indians in my constituency. I not only visit them but I visit the Indians across the river in the constituency of the Minister of Agriculture, and they are not any better off than mine, because too many Indian families are trying to exist on a very small and poor hilly valley where the arable land is extremely limited and the equipment very poor. A white man would not attempt to live in a community where one binder was shared with forty families.

I was interested in what the hon. member said about horses. I like horses too and I should expect the Indians would, but I would hate to have to share a team of horses with thirty families, because none of us would have the use of the horses for a sufficient number of days to be of any use.

I think our whole approach to this problem is wrong, but any time that I hear of an experiment which has succeeded I am glad of it. I hope we shall have a change of attitude and regard these people as capable of intelligence and integrity and that we shall give them a chance to exercise it.

I had the pleasure of listening to Brigadier Martin over the air last week. He made an excellent speech and said the very same things that the hon. member for Yorkton has said. He said this too, "We do not expect to turn into white men but we are capable of becoming good Indians." I think truer words were never spoken. I wish the minister would see fit to put education into the hands of the province because, by keeping it under the jurisdiction of the federal government, you rob yourself of the best educators in every province. The teachers now are organized. They pay into a superannuation fund and at a certain age they enjoy retirement and superannuation benefits. But if they go to teach in an Indian school they lose those years and get no credit for them, so that the good teachers will not teach on your reserves, because that destroys their superannuation continuity and means that they lose so many years out of their teaching life. I think we might well make an arrangement with the provinces whereby we would spend the money we now spend on education, in grants-in-aid on a per capita basis, and put into the hands of the provincial governments the administration of education not only for white children but for Indian children. I think we would have new standards of education in our schools and there would be more people like Brigadier Martin coming out of them, individuals in a position to give capable leadership to their own people. Brigadier Martin is an example of the sort of thing that happens when you expose intelligence to the process of education. We should have several of Brigadier Martin's kind in this house representing the Indian people. I hope the day is not far distant when Indians will elect Indians to speak for them and represent them in this house as they now do in New Zealand—where four Maoris sit in the New Zealand house and one of them is always in the cabinet because of a statutory provision to that effect. Sometimes the Maori has sat in the cabinet without portfolio, but one of the best ministers of health that New Zealand has ever produced was a Maori. I think people of the calibre of Brigadier Martin could very well sit in this house with members like you and me.

Mr. FRASER: I understand that the only dental care the Indians are allowed is to have a tooth extracted; there is no dental treatment given. I think that is why so many Indian children and adults, when they reach twenty or twenty-five years of age have no teeth at all.

Mr. GLEN: Prior to the transfer of the health of Indians to the Department of Health and Welfare there were dental clinics in many of the reserves throughout the country, perhaps not to the extent one might desire, but still there was that endeavour made.

Mr. FRASER: Are there dental clinics now on all the reserves?

Mr. GLEN: I do not know what the programme of the Department of Health and Welfare is. That inquiry should really be addressed to it.

Mr. FRASER: That is now entirely under the Department of Health and Welfare?

Mr. GLEN: Yes.

Mr. FRASER: And not under the Indian Affairs branch?

Mr. GLEN: No.

Mr. CASTLEDEN: I asked whether it is the intention of the department to carry out the recommendation of the committee and have some body carry on the investigation of affairs among the Indians between the sessions of parliament.

Mr. GLEN: The recommendation was made and I shall endeavour to further it as far as I can. We shall have a commission set up in order that the evidence of those in Nova Scotia and New Brunswick and the eastern part of Quebec can be taken. I do not wish to enter into anything that has been said to-night by hon. members, because I think the matters they have discussed are matters that should come before the committee and anything I might say now might be considered as prejudging what the committee would do. Interest in the Indians has been created by the sittings of the joint committee, and it is hoped that the Indians will ultimately take their place in the life of Canada that we would expect them to do. I think the remarks that have been made to-night can be of value so far as the welfare of the Indians is concerned. We shall hope that the committee will be constituted early in the next session, in order to carry out this work and to take care of these problems which we all know of and which we are all seeking to remedy. We trust that, with the aid of the Indian affairs committee, solutions will be found.

Item agreed to.

Indian Affairs branch—
182. Indian education, $1,046,241.

Mr. CASTLEDEN: In spite of what the hon. member for Renfrew North said about the rosy picture of the training and welfare of Indians across Canada. I find that, while there are 130,000 Indians in the country, our education and training of these people take care of only about 16,000. Of this number enrolled, only 883 reach grade 7, 324 reach grade 8, and seventy-one reach grade 9. I notice that in three of the provinces there are no grade 9 students. Has the department facilities for training these children, and what is the present condition with regard to school accommodation?

Mr. GLEN: The hon. gentleman was inquiring regarding grade 9 students. Provision is being made for grade 9 scholarships of which Indian children may take advantage.

Mr. CASTLEDEN: But there are no facilities for teaching grade 9 in the maritime provinces at the present time?

Mr. GLEN: There are.

Mr. CASTLEDEN: But there are no students in grade 9, according to the last departmental report.

Mr. GLEN: In the new consolidated schools which are being built in the maritimes there will be provision for grade 9 students.

Mr. CASTLEDEN: But there is none now?

Mr. GLEN: At the moment there is one school.

Mr. CASTLEDEN: Has the department made application to War Assets Corporation for equipment and material to equip schools and assist in the building of schools, and are any schools now getting material from War Assets Corporation? I am thinking of material such as heating units, lantern slides, motion-picture equipment and other articles that can be used for education purposes among the Indians.

Mr. GLEN: The director informs me that they have been constantly in touch with War Assets Corporation and have been successful in getting a good deal of material.

Item agreed to.

Indian Affairs branch—
185. Grant to provide additional services to Indians of British Columbia, $100,000.

Mr. ARCHIBALD: I had intended to bring up several points as regards Indians in my section of the country, but owing to the committee being in session I will wait and see what it brings forth. However, I have one complaint which has come to my attention in the last day or so. It is from the Glenvowel corps of the Salvation Army, that has to do with Indians on the reserve in the Kispiox valley, just outside Hazelton. One mile of road is on the Indian reserve and connects it with the Kispiox valley road, and the Indian office at Hazelton has been trying without success for the last two years to get that road repaired. The taxis refuse to go into it, and as I know the taxicab drivers in that part of the country, it must be in a terrible condition.

Mr. GLEN: Is the road on the reserve?

Mr. ARCHIBALD: It is the reserve in the Kispiox valley.

Mr. GLEN: Is the road in the reserve?

Mr. ARCHIBALD: According to the provincial authorities, the road is a federal matter, and the Indian office has been trying through the department to get it fixed. The Salvation Army car was broken down there and it has cost them $120 already this year for repairs. Last year they had to pack a sick child out in their arms because of the impassable condition of the road, and I would think the minister, being informed of these conditions, would do something to help them out.

Mr. GLEN: I shall be glad to look into that.

Item agreed to.

Mr. GLEN: Item 762 of the lands, parks and forests branch was stood over because the leader of the opposition wished to make some comments on it, Mr. Chairman. Will you please call that number now?

Lands, Parks and Forests branch—National Parks bureau—
762. National parks and historic sites services —further amount required, $21,000.

Mr. BRACKEN: I did not ask that this item be held over in order that I might make comments upon it. I asked rather that it should stand over in order that I might ask the minister to explain, in not too elaborate detail, the administration of the lumber resources of some of these national parks, and what the government is doing to prevent flood damage arising from streams running out of these parks. In order to let the committee and the minister understand my problem, let me say this:

When the three prairie provinces became provinces, forty-one years ago, in 1905, their resources were retained by the dominion government. In 1930, I think it was, the resources were returned to the provinces, and for the last sixteen years have been under provincial jurisdiction. In the province of Manitoba one section of these resources, the land area now called the Riding Mountain national park, was turned over to the administration of the dominion government for the purpose of making it a national park. The resources, including this park, are now owned by the province. But this park is completely turned over for administrative purposes to the dominion, on an undertaking by the dominion that it would establish there and maintain a national park. I suppose it is from ten to thirty miles wide and perhaps 100 miles or more long: these are not the exact boundaries but approximately. This park is an elevated section of the province in the western central part of southern Manitoba. The ground is undulating and covered with trees. Because of its elevation, it is subject to late spring and early fall frosts. This combination of conditions prompted the government to make it first into a forest reserve and now into a national park.

The people adjoining the area are interested in two things, among others. They are interested in getting some of the surplus lumber from the park for purposes of build- and construction and bridge construction and so on. I want to ask the minister what the government's policy—perhaps his policy is the same for the other parks—is with respect to making the lumber in that park available, because now the people adjoining the area find it difficult to get lumber at all, and if they can get it from the park, and if they can get it in rather larger quantities than before, a good community service will have been rendered.

The other point I want to ask the minister about is this. Because of the large extent of that area, and because it is elevated, perhaps about twice as high above sea level as the ordinary farm lands of Manitoba, and because during the last half century some of the trees have been removed and the beavers have nearly all been destroyed—beavers which built dams that held back the streams—the result now is that in the spring the waters rush down the streams rapidly, carrying silt and filling up the ditches in the farming communities below and causing serious flood damage. The farmers in the municipalities just out from the foothills of these mountains have not only had that added burden put upon them; but, as a result of these floods, their crops have in some years been partly and in other years largely destroyed. It is possible the minister may have outlined his policy on these matters when I was not here, and I do not want him to take up time in repeating what he may have already said with respect to the preservation of timber and making it available to the people adjoining the reserves. But I should like to know what the government is doing to avoid the recurring damage year after year from these mountain streams which rush down carrying silt and filling the ditches which the people have gone to great expense to dig, thus delaying the time of seeding and often damaging and sometimes destroying the growing crops.

To bring the matter more specifically to the minister's attention, here is a typical request from a municipality with reference to lumber. I quote:

Owing to the scarcity of lumber it is impossible to repair municipal bridges as well as necessary repairs to other buildings, therefore we request that the amount of lumber allowed on timber limits in the Riding Mountain national park be increased and also that the area where cutting is permitted be enlarged.

That is a specific request, and the minister can say whether he can grant it or not, whether his policy will permit larger amounts of lumber to each permittee, or whether he can extend the area where lumber is being cut. This is typical of the problems of the farmers and the requests from those out on the farm land below the mountains. This is the area where their crops, for forty years to my knowledge, have been frequently damaged because of surplus water running from this elevated section of country. I quote again from one of these representations from municipalities with respect to flood damage:

> Our main trouble is the drainage maintenance. As you know, spring thaw and heavy June rains rush down from Riding Mountain carrying silt and depositing it on the low land, filling ditches, which means we have to be continually dredging. The cost is more than the municipality can bear.

From those two brief statements and from other requests, I think the minister will see what it is that I should like him to tell us—what his policy is with respect to making more lumber in that area available to farmers in the adjoining communities, and what the government is doing to lessen the damage that is done every spring by these flood waters rushing down and damaging crops.

Mr. GLEN: The leader of the opposition has asked me two questions, one with regard to the permits for cutting timber. The practice in the Riding Mountain park is this. A survey was made by officers of all timber in the park, and that survey shows what was old and what was new, what could be cut and what should be left. That survey is in the hands of the superintendent of the park; all permits that are issued are issued only for that portion of the forest which can be cut, and it is given to those in the immediate neighbourhood. When the hon. member speaks of preserving the parks, one of the greatest means of preservation is, of course, the timber in it, and therefore it is strictly looked after to see that the park is not denuded of that which makes it so beautiful in itself. Permits are given to those in the surrounding areas who are able to go and get their lumber. That is the policy of the department.

With regard to the flow and control of water from Riding Mountain, the hon. member for Dauphin has also been communicating with me, interested through the municipalities adjoining, who are suffering in consequence. It has been the subject of investigation by the engineers of the department, and the province of Manitoba is extremely interested also, with the result that the premier of that province, Mr. Garson, communicated with me, indicating what was happening and expressing the hope that something might be done as a joint effort between ourselves and the province. I had a letter from Mr. Garson on July 5, in which he makes this statement:

> My suggestion would be that the P.F.R.A. be requested to proceed with the construction of the proposed reservoirs and experimental check dams in accordance with the recommendations contained in the report of December 13, 1945; that your department provide the necessary dumping grounds as recommended in the report (which lands may subsequently be included within the boundaries of the Riding Mountain park); and that the province, in conjunction with interested municipalities, undertake the work of rehabilitating existing ditches as well as providing such additional ditches as may be required to carry the face water from the dumping grounds to a proper outlet. If you agree with the general suggestions contained in the preceding paragraph, I would further suggest that an early joint dominion-provincial survey be undertaken at the earliest possible date.

We had our officers in before this matter had been brought up by the hon. member for Dauphin or the leader of the opposition and they were making a survey, but on receipt of Premier Garson's letter we have now sent an officer with instructions to make a survey of the park and to advise as to what should be done to remedy the condition now existing. He will get in contact with the officials of the province of Manitoba, and together they may make recommendations for alleviating and controlling the waters that are flowing down and damaging surrounding farm property. That report, I hope, we shall receive very soon. I wish to have it clearly understood that I am just as anxious to have that done as the hon. member for Dauphin or the leader of the opposition. I hope I shall have the report shortly and, in conjunction with the province, have something done to rectify what is certainly a grave difficulty in the way of farming around that country.

Mr. BRACKEN: From what the minister has said, apparently it is the policy of the department to develop the forestry resources of that park to the maximum extent and allow cutting each year of only an amount equal to the annual increment.

Mr. GLEN: Yes.

Mr. BRACKEN: And that is done by issuing permits chiefly to citizens in adjoining territory.

Mr. GLEN: Yes.

Mr. BRACKEN: Can the minister say whether the amount of lumber allowed on the permits can be increased or not? That is the request. Can he say whether the area to be cut can be increased or not?

Mr. GLEN: The budget will vary every year. Under the survey, the quantity of timber which can be cut and which is becoming mature as the years go on will vary every year.

Mr. BRACKEN: I have asked a specific question for the present year. They are short of lumber, and they ask the question. I am not pressing the minister to state other than his policy. I want only an answer. A certain amount of lumber is allowed on the permits. Can that amount be increased beyond what it has been, or can the area to be cut over this year be made larger?

Mr. GLEN: Not this year.

Mr. BRACKEN: The minister's answer then is, no.

With respect to flood control plans, what the minister says is that they are investigating in cooperation with the provincial government authorities. From that I take it that the government has no plans now for lessening the damage from floods coming off these mountains.

Mr. GLEN: The reason we have sent the engineers there is to advise us on what to do. Naturally we have no plans until we get the advice of the engineers.

Mr. BRACKEN: It is sixteen years—no, less than that—since the dominion government took over this park. All I want to know is what are the facts. The minister says they are studying the question, but they have no plans at the moment for lessening the flood damage.

Mr. GLEN: So far as I am concerned this is the first time that any complaint has ever been made of the water flow of the Riding mountain. The matter has been investigated under the Prairie Farm Rehabilitation Act, and, as I say, we are now sending our engineers there in order that they may consult with the province. The hon. gentleman asks if there are any plans. There are no plans until we know what the engineers will suggest or advise should be done. When we receive that we shall act accordingly.

Mr. BRACKEN: It is not a matter of complaint; it is just a statement of conditions. I am surprised that the minister says this is the first time that a complaint—

Mr. GLEN: That I have had one.

Mr. BRACKEN: —has been made, if he chooses to use that term, because to my knowledge it has been referred to the department over a considerable period.

Mr. GLEN: I said, to my knowledge.

[Mr. Bracken.]

Mr. BRACKEN: At the moment I am not seeking to criticize the minister. I just want the responsible—

Mr. GLEN: What I said was, so far as I was concerned that is the first intimation I have had that a request was made.

Mr. BRACKEN: I should like, then, to take this opportunity of emphasizing to the minister and to the department that there is a serious problem in that drainage area below Riding mountain in Manitoba. How much of it is the responsibility of the dominion government and how much the responsibility of the province and of the people on the land itself is a question; but whatever the responsibilities of the federal authorities are, the dominion government should assume them and assume them quickly, because every year tremendous losses occur—losses in the prevention or delay in the seeding of fertile land and in the spoiling of crops which have already been sown, when these spring torrents come down these little streams and spill out over the cropped land. Since the government has no plans for doing anything now, I urge that they get out some plans at the earliest possible time; otherwise large crop losses will continue. The opportunity faces the government to help prevent these losses. There will be no criticism, but every credit will be given to the department if it will undertake and carry out whatever the federal government responsibilities are in lessening that yearly damage.

Item agreed to.

Immigration branch—

186. Administration of the Immigration Act and the Chinese Immigration Act, $218,866.

Mr. CROLL: May I say to the minister it is heartening to see that the vote has been considerably increased this year. I do not know whether he has made provision for sufficient money to carry him through. I had hoped that he would increase the vote even more than he did, and I am sure the committee would agree to it in order to ensure that he had sufficient money to carry out fairly bold plans.

However, I rose to remind him and the government that immigration in this country is still a front-page topic and will remain so until such time as we do something definite about it. There are no groups, or no organization or representative bodies, in fact very few individuals in this country, who do not think we need more people. We need them now. I do not suggest that the government is unmindful of the situation, but it is the government's responsibility to arrange the how and how many. The committee is well aware that

the number of emigrants in Europe is not unlimited. In the main, those who survived were young people. These young people are needed by their own countries not only to rebuild but to repopulate them. At the present time we are merely nibbling at the problem, while other countries are stealing a march on us. Australia is up to her neck in emigrants from the British isles and Scandinavian countries. They have already made provision for some 70,000 this year, and 50,000 war orphans over a period of three years. Brazil is in the field for 250,000 from continental Europe, and so is the Argentine. I merely bring these facts to the attention of the committee to indicate that there is some hurry about this matter, because the best will likely be picked over.

Here we have a country with unlimited reserves and great potentialities, with an abundance of international good will, and yet for all purposes we are a land without people. It is well to realize that the first wave of immigrants who came to this country was for the expansive development of the country and entirely in the field of agricultural economy. It was an introduction of the people to the land and the land to the people. We are now ready for another wave, a second wave of immigrants for the intensive development of our resources, for the use of the country by the people and in order to be able to consolidate the industrial position which we now occupy as a result of the tremendous and agreeable job which we did during the war. Pessimists notwithstanding, I point out that there is a shortage and there will continue to be a shortage of construction workers, miners, people for the forests, agriculturists, domestics, and in almost any other walk of life in the country.

There is one aspect of this whole problem that we sometimes ignore, namely, the problem of emigration. As the committee well knows, we are suffering some cruel losses to the United States at the rate of 30,000 this year. This 30,000 is draining away our young and our trained. It is well for the committee to recall that from 1900 to 1945 some 5,000,000 immigrants came to this country. At the same time 3,500,000 left. An infinitesimal number went back to their own country; in the main the rest went to the United States. We seem to be a nation that is truly looking south for greater opportunities for recognition of our capabilities and for a larger material compensation. Too long we have been a feeder and a half-way house to the United States. We have our country here to build up. Our destiny is to be the front door to the world rather than the back door to another nation. We have to make Canada more attractive. We have to replace those whom we have lost. It is necessary that we consolidate our industrial market; we should increase our home markets and we should populate our unpopulated areas. We have established ourselves as the first of the middle powers, and we should try to hold that position.

I think, when we discussed this matter last, the minister told us that we had to look after the soldiers and their wives. Since then, we have had an announcement from the Department of National Defence that they will all be back by December 1. The minister also said that we were short of transports. That may be true, but at the present time I think it is we who are missing the boat, not the immigrants. I recall a statement made by the hon. member about transportation. I know I did not come over on a Queen or a Lady boat and it did not do me any harm. A great deal of transportation is now available in the Scandinavian countries, and I am reliably informed that ships from Denmark and Sweden are making trips across the ocean not fully loaded.

As far as administrative details are concerned, I think the department did an excellent job in arranging for inspectional services in connection with the 4,000 Polish soldiers in Italy. That was a quick and able job. These obstacles are gradually being removed, and I only repeat what I said before to the minister: What are we waiting for?

At the end of the war we had two opportunities. We had the opportunity to export our goods to the world and we had the opportunity to import people from other parts of the world. In some respects we have not taken advantage of these opportunities, and we shall have only ourselves to blame if we are failures in that respect. I am not going to burden the committee by repeating myself. So far, we have had an order in council providing for the entry of blood relatives. This was a humanitarian move on the part of the government and it was highly commendable, but the number of people who will be eligible to enter under that, plus the 4,000 Poles who will be coming here in October, constitutes merely a fleabite in the number of people we need in this country.

I do not think we differ as far as policy is concerned. There are three requisites for an immigration policy. First it should be planned, second it should have selective immigration and it should be digestible immigration. There is no question about that. I say to the minister that at the present time the country demands that we wrestle with this problem and we cannot deal with it by shooing

it off. I ask the minister to plan boldly as quickly as possible in order that we may take advantage of the people who are available before other nations step into the field.

Mr. KIDD: Before the hon. member for Spadina took the floor I was going to ask the minister a question on this item, but first I think we should have something from the minister. Does the minister intend to make a statement on the immigration policy?

Mr. GLEN: Yes.

Mr. KIDD: Since we came here in March, immigration has come up on two occasions. The first was the citizenship bill when the minister made a statement about British subjects coming into Canada. The second occasion was on the orders of the day when the Minister of Justice, as leader of the government, tabled an order in council regarding the 4,000 Poles. I think we should have a statement.

In what I have to say I think I can more or less answer the hon. member for Spadina, particularly with regard to British immigrants. There is hardly an hon. member who, since coming to Ottawa, has not received letters from boys and their families overseas who want to come to Canada. Before the minister gets into any scheme of European immigration, I would advise him to think carefully. I am going to deal with this question from a purely local point of view.

At Collins Bay near Kingston there was a fleet air arm school. During the period of the war, nearly five thousand British boys studied there, in about one hundred classes of fifty each. The first ten or twelve of those classes were composed of boys from the best families in England, boys who had studied at the best universities and schools. During their stay in Canada, many of them married Canadian girls whom they took back home with them. Many of these boys now want to return to Canada with their wives. Within the last week I brought one case to the attention of the minister.

These boys are not Canadians; they are British subjects who have married Canadian girls. Many of the boys who were members of ground crews are the best of mechanics. I want to urge as strongly as I can that these boys be given immediate consideration. I will not enlarge upon the immigration policy, but hon. members know there is an old saying that it is better to have an empty house than a poor tenant. At the present time we should have selective immigration, and we should expect something from the minister.

[Mr. Croll.]

Mr. GLEN: I did intend to make a statement, but the hon. member for Spadina got ahead of me. I may be a little longer than eleven o'clock and I hope I shall be able to finish my statement. As the committee knows, the present regulations and law concerning immigration are quite clear and they have been referred to already this session. In addition to British subjects and United States citizens, the present regulations provide for the admission of, first, the wife or unmarried child under eighteen years of age of any person legally admitted to Canada who has sufficient means to maintain himself until employment is secured; second, an agriculturist having sufficient means to farm in Canada; third, the fiancee of an adult male legally admitted to and resident in Canada, who is in a position to receive, marry and care for his intended wife; fourth, a person, who, having entered Canada as a non-immigrant, enlisted in the Canadian armed forces and, having served in such forces, has been honourably discharged therefrom.

Alien immigrants other than United States citizens require to be in possession of a properly viséd passport, but by the order in council which I tabled on May 28 last, the door was opened and the following were admitted:

> The father or mother, the unmarried son or daughter eighteen years of age or over, the unmarried brother or sister, the orphan nephew or niece under sixteen years of age, of any person legally admitted to and resident in Canada who is in a position to receive and care for such relative. The term "orphan" means a child bereaved of both parents.

Then there was a provision made with regard to passports. These people could not obtain passports because they were stateless persons, and it was provided that it would be sufficient to have a travel document establishing the identity of the holder in the case of an immigrant who had been displaced from his country of origin as a result of the war and who was not in possession of a valid passport. That is the way we have it to-day. It was thought at the time that that extension was warranted, and I thought so too. But the first thing dealt with after the war was the transportation of our forces and their dependents from overseas, and it was felt that they should have a priority over others. That was done.

I recall to the committee, too, that during the war we had, I believe, about 4,000 refugees who came from Great Britain and other countries, and ultimately we gave them permanent landing. These persons, while here, proved to be very good citizens, and many of them had given a fine contribution to our

war effort. These persons—the exact number was about 3,900—have been given landings, after being investigated, and are now legally resident in Canada.

In addition to that, there are 4,000 Polish soldiers, the investigating officers for which are now on their way. I believe they are now in Italy making investigations with regard to these Polish soldiers to bring them to this country. They will be apportioned throughout the Dominion of Canada, according to the regulations laid down by the Department of Labour.

As to these 7,000 or 8,000 people—well, no one will say, in answer to the remarks by the hon. member for Spadina, that that is a very large contribution which Canada has made. But at all events it is, I believe, a positive indication of the regard Canada has in this question.

Then, when we come to the question of the rehabilitation of our own soldiers and their dependents, it will be remembered that the Minister of National Defence (Army) has said that there were about 12,000 to 13,000 soldiers yet to be returned. Their dependents are still over there.

Mr. BLACKMORE: Will the minister say why these Polish soldiers were admitted?

Mr. GLEN: The reason was that we were making an effort to take in soldiers who would go on the land, and into agricultural pursuits. We had many requests, and there was quite an agitation with regard to the Polish soldiers. They had expressed their intention most freely, that they were not going back to Poland, and that they intended to look elsewhere. Canada was one of the places to which they would go.

Our soldiers and their dependents were the first obligation we had.

Mr. COLDWELL: How many still remain?

Mr. GLEN: Twelve thousand dependents, but my officials cannot tell me how many soldiers. But our first duty, of course, was to see that our soldiers were returned, as well as their dependents.

Now, with the passage of time, the numbers are decreasing. The soldiers are being brought here and rehabilitating themselves in the country. The numbers are lessening as the days go by.

There was another vexed question, namely the question of fiancees. Many of our young men are to-day anxious to have their fiancees come here. But priority was given first to the wives and children, rather than to the fiancees.

The whole question resolved itself into one of transportation. One hon. member spoke about the numbers in England who wanted to come. There is nothing to prevent their going to our office in London, being examined there and settlement conditions investigated in connection with coming to Canada, with the exception of that one thing, namely that they could not get transportation. This problem will always come up when we are dealing with this matter. The hon. member for Spadina mentioned shipping from the continent. There has been an indication given that the Scandinavian line are going to send some vessels, and also the Holland-American line. But these may convey only a very few of those who are on the continent now. We have there about 2,000 dependents and about 2,000 fiancees, and, in addition, there are 1,000 dependents of residents of Canada to be repatriated. They were there all during the war, are still there, and have no transportation.

Therefore, owing to this extreme shortage of vessels, I have had to say to all those who are asking to come to this country, "How are we going to do it? We have no method by which we, as a department, can give priority to anyone sailing to this country." They must, of themselves, find that sailing. But when it came to the question of an individual who was not a dependent and not a soldier, that person simply could not get passage in preference to those, and none of us would have wished to encourage them in the slightest degree.

On the other question with regard to the opening of the door for these other people in Europe, they were exactly in the same position. Some of them may have relatives in this country. Transportation in Europe today is in chaos; there is no method by which they can be transferred from one country to another in the manner in which they could prior to the war. There is the difficulty in connection with the exchanges between countries; there is the difficulty of travelling in any one country.

The question came up then, of course, with regard to our medical facilities which must be on hand before we can deal with these. We are in a position now whereby, if we can get accommodation on the continent with respect to offices, we can staff those offices and deal with them. We have, of course, to have the consent of the countries through which these immigrants must pass. At the present time we are reopening the Paris office and also the office at The Hague. Perhaps in Antwerp there may be some chance later, of also establishing an office there. So far as the Scandinavian countries are concerned, the only method by which it can be done is by sending

officers there in order to investigate those who desire to come. At the present time the Department of External Affairs is dealing with the countries involved. They are seeking their permission and concurrence in order that we may open our offices there, and that the immigrants coming from those different countries can be funneled to those offices, inspected, and provision made for transportation to this country.

But that takes time. It is not likely that in the next two months there will be any degree of transportation of immigrants to this country from the continent. But I venture to say this, without even making a guess, that there are a great many in the British isles who are ready and willing to come, and whose settlement conditions are such that they could be accepted now, were it not for the fact that they cannot get transportation to come here.

An hon. MEMBER: Eleven o'clock.

Mr. GLEN: May I be allowed to finish? I shall not be long. I should like to proceed, so that hon. members may have it on the record and discuss it to-morrow.

Then, repeatedly we have been asked throughout the country to formulate a policy. It has been suggested that that policy should be a large one, and one would think that it must be done overnight. The government is fully alive to the seriousness and magnitude of the immigration policy. I believe that the country generally is fully aware of that. When it is suggested in an editorial that there should be selective immigration, and in the next breath that there should be no discrimination, then I venture to say to those who are making the suggestions that I do not see how we can have selective immigration without discrimination. I should like to have the answer to that, because there have been many editorials. I have no complaints against them. I wish to have as many opinions as there are in order that a worthwhile policy may be evolved. The government is thoroughly seized of the fact that an immigration policy must necessarily be stated sooner or later, and a subcommittee of the cabinet has been formed. We have had that subcommittee established for some months, as well as an inter-departmental committee of high-ranking officers who have been engaged in studying different questions dealing with immigration, and who will of course, give us the benefit of their advice. That concerns domestic policy.

Then we have the refugee question. That is not purely Canadian; it is international in scope. We have a representative on the united nations organization which will be meeting in September. At that meeting consideration will be given to the question of refugees and the stateless persons of Europe, and as one of the united nations Canada will, I presume, be asked to take her share of these stateless persons and will have to assume her obligations as a member of the united nations. So that we are dealing with the matter as best we can. Anyone coming within the admissible classes who goes to our offices in England and passes the medical inspection can come here, provided that settlement conditions in this country are satisfactory and provided that they can get transportation.

I do not think there is anything I can add except that I hope in the near future we shall have some word with regard to the setting up of our offices in Europe and some idea of what we may plan in the way of government policy.

Mr. ADAMSON: Has the minister made his whole statement?

Mr. GLEN: Yes.

Progress reported.

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

Wednesday, August 28, 1946

The house met at eleven o'clock.

BUSINESS OF THE HOUSE

VISIT OF FIELD MARSHAL MONTGOMERY—NOON RECESS FROM 2 TO 4 P.M.

On the order for motions:

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): Mr. Speaker, Field Marshal Viscount Montgomery of Alamein is arriving for his visit to Ottawa at three o'clock this afternoon and proceeding immediately from the central station to parliament hill to meet the veterans. Several hon. members have told me that they felt it might be difficult to retain a quorum in the chamber while that ceremony was proceeding on parliament hill. I have no personal feeling in the matter, but if it is the desire of the house to extend the recess beyond the normal hour of three o'clock I shall be prepared to submit a motion to that effect.

Mr. MacNICOL: To four o'clock?

Mr. ST. LAURENT: To four o'clock instead of three, unless hon. members feel that it will not inconvenience them to make sure that there is a quorum in the house from three to four o'clock.

Mr. COLDWELL: Would it be possible to extend this morning's sitting to two o'clock and reassemble at four? I do not think we should lose an hour at this stage of the session.

Mr. FRASER: Unless parliament intends to sit next week.

Mr. ST. LAURENT: If it appears to be the general desire of hon. members, I would move that the recess for the lunch hour be from two to four p.m. instead of from one to three p.m.

Mr. BENTLEY: Would it be better to have the afternoon session go from four to seven?

Mr. ST. LAURENT: A dinner has been arranged for the field marshal at a time when it was felt that this house would not be sitting, and the arrangement has to be carried out. This means that those attending the dinner will have to leave town not later than seven o'clock. I think it would be very inconvenient if the house were to sit until seven. It is perhaps difficult to meet the wish of every hon. member, but it seems to me that it would meet the views of a large majority if we were to extend this morning's sitting until two o'clock and then not resume until four. I move accordingly.

Mr. JOHN BRACKEN (Leader of the Opposition): I shall be glad to second the motion moved by the leader of the house, but on the distinct understanding that there will be enough government members here so that the government will not be defeated again to-day.

Mr. ST. LAURENT: The hon. leader of the opposition gave such an undertaking to the Prime Minister before he left that there is no possibility of anything like that happening.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk)

BREWERIES AND DISTILLERIES—CONSTRUCTION PERMITS

Mr. NICHOLSON:

What is the total value of construction permits which have been issued to breweries and distilleries in Canada since V-E day?

Mr. McILRAITH: $2,779,759 (construction).

WAR ASSETS CORPORATION—SALARIES, WAGES, ETC.

Mr. FRASER:

1. What was the total amount paid out for salaries and wages by the War Assets Corporation during the first six months of 1946 of all departments of this corporation?

2. What was the total amount paid out during this period in each department of War Assets Corporation including salaries and wages for guard duty?

3. How many men and women are employed in each department of War Assets Corporation including those on guard duty?

Mr. McILRAITH:

1. $5,785,855.80.

2. No breakdown by departments was recorded for the first three months of this period. The total salaries and wages paid out was $2,531,562.24. Total salaries by departments for April, May and June, 1946 are as follows:

Executive and Secretary's department	$ 47,430 51
Comptroller	98,381 11
Merchandising	586,791 76
Supply (excluding corps of commissionaires)	2,027,130 65
Corps of commissionaires	328,891 22
Lands and buildings	33,370 14
Organization and personnel	121,441 53
Publicity	7,710 01
Overseas operations	3,146 63
Total	$3,254,293 56

3.	Men	Women	Total
Executive	7	11	18
Secretary	16	16	32
Comptroller	176	165	341
Merchandising	507	565	1,072
Supply	3,998	740	4,738
Supply corps of commissionaires	1,383	Nil	1,383
Lands and buildings	26	25	51
Organization and personnel	119	238	357
Publicity	7	5	12
Overseas operations	2	1	3
Total	6,241	1,766	8,007

APPLES—SUBSIDIES TO N.S. AND B.C. GROWERS AND PROCESSORS

Mr. HATFIELD:

1. (a) How much money was paid out to the Nova Scotia apple growers as assistance to market their crop in the year 1945; (b) how much money was paid out to the processors of apples in Nova Scotia as assistance in the year 1945?

2. (a) How much money was paid out to the British Columbia apple growers as assistance to market their crop in the year 1945; (b) how much money was paid out to the processors of apples in British Columbia as assistance in the year 1945?

Mr. JEAN:

1. $58,544.14. Nothing was paid direct to growers or processors but the above amounts were paid to the Nova Scotia apple marketing

board limited for distribution to growers under a pooling arrangement in accordance with the agreement. Payments were made during the fiscal year 1945-46 on apples of the 1945 crop.

2. (a) Nil; (b) nil.

WHEAT BOARD—PAYMENTS TO BROKERS AND COMMISSION MERCHANTS

Mr. FAIR:

During each of the crop years 1939-40 to 1945-46, what amount was paid by the Canadian Wheat Board to brokers and commission merchants on the sale of wheat?

Mr. MacKINNON:

Brokerage and commission—

1939-40	$369,485 44
1940-41	380,256 00
1941-42	399,533 91
1942-43	415,183 20
1943-44	241,838 79
1944-45	Nil
1945-46	Nil

During the time that the Winnipeg wheat futures market was in operation, the Canadian wheat board paid brokerage and commissions in the normal course of their operations in that market. Following the closure of the wheat futures market, brokerage and commissions were no longer involved in futures transactions which were terminated, and the Canadian wheat board also ceased paying brokerage on sales of cash wheat, the brokerage thereafter, if any, being paid by the buyer.

INDUSTRIAL DEVELOPMENT BANK

Mr. WINKLER:

By provinces, how much has been advanced by loan by the Industrial Development Bank since its inception?

Mr. MAYHEW: The Industrial Development bank is not a branch of the dominion government but a subsidiary of the Bank of Canada.

Section 29 (1) of the Industrial Development Bank Act requires that "The bank shall, within twenty-one days following the end of each calendar month, make up and transmit to the Minister of Finance in such form as he may prescribe, a statement of its assets and liabilities at the close of business on the last day of the preceding month". This statement as at July 31, 1946, appeared in the *Canada Gazette* of August 24, 1946, and showed loans and investments (excluding dominion government securities) at $4,234,023.46.

In addition, section 29 (2) provides that "The bank shall make up and transmit to the Minister of Finance at least once in its fiscal year or more frequently if so directed by the minister, in such form as he may prescribe, a classification of loans and investments and of the loans guaranteed by it". This return, tabled in the House of Commons on December 6, 1945, showed that on September 30, 1945, there were 80 authorized credits on the books of the bank totalling $3,198,050, of which $871,752 was outstanding as shown by the balance sheet.

The classification of loans and investments by provinces at September 30, 1945, was shown by this return as follows:

	Authorized	Outstanding
Prince Edward Island	$ —	$ —
Nova Scotia	115,000	—
New Brunswick	200,000	66,064
Quebec	1,052,500	459,912
Ontario	1,192,550	212,189
Manitoba	335,000	105,000
Saskatchewan	30,000	17,100
Alberta	135,500	—
B. C. and Territories	137,500	11,487
	$3,198,050	$871,752

QUESTION PASSED AS ORDER FOR RETURN

FISH HATCHERIES—MARITIME PROVINCES

Mr. HAZEN:

1. How many fish hatcheries are there in the maritime provinces?

2. Where is each of them located?

3. What did it cost to maintain and operate each of them last year?

4. How much is it estimated will be spent to maintain and operate each of them this fiscal year?

Mr. BRIDGES: Return tabled.

COAL

AVAILABILITY OF SUPPLIES FOR COMING WINTER

On the orders of the day:

Mr. J. R. MacNICOL (Davenport): I wish to ask a question of the Minister of Reconstruction. I regret that I have not been able to send him notice. Has there been any favourable change in the coal situation? I am swamped with wires from Toronto asking when people will be able to get coal for the coming winter.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): The coal situation is no better. I shall be glad to make a statement to the house to-morrow. I think the public have been lulled into a sense of false security on the question of domestic coal, since supplies of Alberta coal are not being sold as rapidly as they should, considering the acute

shortages of domestic coal. However, I will make a statement to-morrow. I thank my hon. friend for calling the attention of the house to the matter.

HOUSING

APARTMENTS—REGULATIONS AFFECTING TERMINATION OF TENANCY

On the orders of the day:

Mr. J. R. MacNICOL (Davenport): I have not been able to give the Acting Minister of Finance notice of the question I am about to ask, but perhaps he can take this as notice and answer later. I am appealed to by a multitude of people in my own riding who now occupy apartments. For some reason or other present tenants of apartments may be put out if some relative of the owner wishes to get into the apartment. The situation is shocking. Is there any possible relief in such cases?

Hon. DOUGLAS ABBOTT (Acting Minister of Finance): I have forgotten what the regulation is in that respect, but I will take the question as notice and give an answer to-morrow.

EMERGENCY SHELTER COMMITMENTS AND DISBURSEMENTS

On the orders of the day:

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I promised, when my estimates were under discussion, to lay on the table a breakdown of emergency shelter commitments and disbursements as at August 27. There are no disbursements or commitments for municipalities in Manitoba and British Columbia. We are now in negotiation with the city of Winnipeg, but we have not advanced to the stage where we can give a figure for Manitoba. The same remarks apply to the province of British Columbia. I would however point out that the figures I am tabling do not include emergency shelter provided by the old hotel Vancouver, for which a separate vote was included in the estimates. In the matter of universities, conversations are taking place with the province of Saskatchewan and it is likely that we shall have a commitment in that province before long. The real problem is to get the municipalities to promote a sufficient quantity of emergency shelter to meet anticipated needs. So far as we are concerned we are trying to build a backlog against anticipated needs of this fall.

With the consent of the house I would ask that the table be printed in *Hansard*.

(The table follows:)

Emergency Shelter Administration
as of August 27, 1946

Province	Disbursed or Committed Municipalities	Universities	Total
Prince Edward Island	$ 20,000	$	$ 20,000
Nova Scotia ...	30,000	52,000	82,000
New Brunswick	20,000	68,550	88,550
Quebec	34,000	100,000	134,000
Ontario	339,000	62,000	401,000
Manitoba	....	72,000	72,000
Saskatchewan .	91,000	....	91,000
Alberta	32,000	135,000	167,000
Brit. Columbia	....	58,400	58,400
Total	$566,000	$547,950	$1,113,950

Disbursed or committed	$1,113,950
Estimated requirements including administrative expenses..	1,183,050
	$2,297,000
1946-47 Estimates	$1,547,000
Supplementary Estimate	750,000
	$2,297,000

WHEAT

MEETING OF PREPARATORY COMMITTEE OF INTERNATIONAL WHEAT COUNCIL

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): I wish to direct a question to the Minister of Trade and Commerce. I have not given notice of it and therefore do not expect him to answer it this morning. It has to do with the possibility of an international wheat agreement. Recent press reports indicate that the preparatory committee of the international wheat council is meeting in Washington at the present time. My questions are: (1) What is the object of the meeting? (2) How many nations are represented on the preparatory committee? (3) Who is Canada's representative at this meeting, if any, and (4) has the U.S.S.R. been invited to attend? I do not expect the minister to answer these questions to-day, but he can take this as notice, give the matter his consideration, and furnish the house with such information as he has at an early date.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I can answer the first three questions to-day, but it would be better to accept this as notice and give the answer to-morrow or as soon as possible.

CANADIAN ARMY

STAFF CARS AT SOMERSET STREET BRIDGE, OTTAWA

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): May I ask the Minister of National Defence whether the space at Somerset bridge belongs to the defence department, or is it War Assets? That is where the army staff cars are parked.

Hon. DOUGLAS ABBOTT (Minister of National Defence): I shall have to look into the question and give an answer later.

SUPPLY

STATEMENT OF MR. POULIOT—THE MINISTRY—BUSINESS OF PARLIAMENT

Right Hon. L. S. ST. LAURENT (Acting Prime Minister) moved that the house go into committee of supply.

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Before the motion is carried, I have to deal with a most important matter. I read in one of the morning contemporaries that parliament should await Mr. King, and the editorial, after referring to reports that parliament may prorogue this week-end, goes on, "We don't think parliament should do anything of the sort", et cetera. It is an article appearing in the Ottawa *Journal* of to-day. I notice that the Prime Minister has given an interview to the effect that all his ministers should be here upon his arrival. When I look at the treasury benches and see many vacant seats, I realize that our cabinet ministers have become ambassadors of good will at large in various countries of the world. The Postmaster General is going to South America; another minister is away from Ottawa; the Minister of Agriculture is in Copenhagen, the Minister of Veterans Affairs has fled to Scotland to count the numbers of men who have not returned home, and the Prime Minister is at sea, as we are, while the Minister of Finance—

Mr. KNOWLES: Speak for the Liberal party.

Mr. POULIOT: I speak for the whole house at the present time in saying that. The Minister of Finance enjoys the scenery of Switzerland and looks at the paintings of Mr. Churchill over there.

Mr. CRUICKSHANK: Why don't you go away?

Mr. POULIOT: Because it is my duty to be here. The Minister of Health is at the Paris conference and expects the translator to make him understand what is said there. The ministers who are here deserve our sympathy to the utmost.

Mr. CRUICKSHANK: We all deserve something right now.

Mr. POULIOT: I will tell my hon. friend that if he interrupts me—

Mr. CRUICKSHANK: He will not be elected.

Mr. POULIOT: —he will no longer be called the Jean-François Pouliot of British Columbia and will run to defeat. By the way, it is always easy to heckle, but I have to speak of the sad position in which the House of Commons finds itself. It is not a matter for jokes. The other day when the members of the C.C.F. group were making their cases about labour matters I regretted very deeply that they were interrupted, because they are hard workers. I believe in freedom of speech, and when they have something to say they should be listened to. Those who do not want to listen to them have only to take the door or smoke outside the curtain. I say that in regard to all hecklers, because I certainly believe in freedom of speech, which is one of the guarantees of democracy in the country.

Now, sir, I wonder if this is what we call world government, to have the cabinet shelves empty and to have seats filled at UNO, UNRRA and all the other organizations of the world. For fifteen years I have suffered mental cruelty in the house.

Some hon. MEMBERS: Oh, oh.

Mr. POULIOT: In this sense, that there is not one measure which has been sponsored by the government which has entirely satisfied my mind. Even when the purpose was good, the legislation was half-baked. This year we have enlarged bureaucratic control immensely by piling Ossa upon Pelion, meaning that we have piled reams of paper on top of reams of paper, legislation on legislation. It does not mean any replacement of bureaucracy; it means more bureaucracy than ever, and more bureaucracy means more taxation. I wonder whether there is one member of parliament who is satisfied with this session. Everybody wants to go home. I feel the same way as my colleagues, but I want to go home with some accomplishment of which the House of Commons will be proud. If we go home and tell our constituents merely that the session has lasted from March until September, it will not satisfy them. If we tell them that we have passed legislation, such a quantity of legislation as was never passed before, they will say: What is the use? What the Canadian people want

is order and good government. That is all they want. We cannot expect order in the country unless we have order within the government. To have order within the government we must have leadership. I say that with fervour and sincerity. I want to be just as proud of the government of my country as I was from the first time I was elected until 1930. Since then there has been a great change. No longer do we have democratic rule in the country. We have irresponsible rule from outside. I wonder whether there will be any change in the method of government, if a change of government should occur some time in the future.

The last election took place in June of last year. Is there one member of parliament who is satisfied with the work that he has accomplished during the session? I do not say that to depreciate my colleagues, whom I respect even when I disagree with them, and for whom I have admiration and sympathy; because the result which they achieve is far from the task which is imposed on them and from the sacrifices which they have to make to be true to the national duty of representing the people of Canada in the house.

It is unfortunate that so many ministers are away. It is most unfortunate because it puts a heavier burden on the shoulders of their colleagues who are acting ministers. In my view all the cabinet ministers, even those who are away, are able men. But I will tell you, sir, that in my view the House of Commons is a dense forest of cabinet timber—and not only within the ranks of the Liberal party, but also within the ranks of the official opposition and the other groups opposite. Members are not given the opportunity to show what they can do, because they are kept at work which keeps them very busy, which does not leave them the time or give them the opportunity to accomplish reforms which they desire to make in the public interest.

We have heard something about world government, world government for Canada. Are we for it? Is Canada to become a second Newfoundland to be looked after financially by those whom we have helped so much during the war? Sir, there was a pathetic moment in this house; when the right hon. the Prime Minister (Mr. Mackenzie King) left for overseas, that old gentleman, who has been in office longer than any other prime minister, was about to sail for Paris, who wished him godspeed? It was the leader of the official opposition; it was the leader of the C.C.F. group; it was the leader of the Social Credit group, but no one rose from this side of the house to extend greetings and good wishes to him. I went before the whole house to shake hands with him, to give him my personal good wishes. It was not for me to rise after the leaders, to speak in the same vein and to the same effect, although my wishes were sincere.

I will tell you more than that, Mr. Speaker. At a gathering of the Liberal party after the Prime Minister had said he had made up his mind to leave, that it was definite and that he would not reconsider it, I waited for a few moments, and then as I saw that nobody rose to say a word of appreciation to him, I did so, as an old member of the house, an old supporter of the party who had kept his independence intact and held it as a treasure. Those are facts. I find it pathetic that a man who has been the Santa Claus of so many people did not get a word of thanks from those who had been eating from his hand in the expectation of the fulfilment of some untold wish and desire; but, sir, that is human nature. There is a fact which is of the utmost importance. Nobody wished Mr. King to go; nobody dared to say that. We have too much respect and reverence for him. But Mr. King, as old man Simeon in his *Nunc Dimittis*, has said, "My task is completed. I desire to leave the leadership of the party to enjoy the last years of my life." A fair wish; a wish that is reasonable, because he has done his duty for so many years. His reward is obvious. He wants to enjoy the last years of his life in comfort and peace in his home, so as to meditate and write for the benefit of future generations.

Some people say Mr. King will have to stay in office, that we must await his return, and that parliament shall remain idle until he comes back. They say, "We must wait for him." I do not think Mr. King would agree with the editorial to which I referred just a moment ago. He is too big a man to think that he is more than parliament. How many times shall I have to repeat that parliament has power that reaches far above the government; because in my view, after having read authorities on constitutional law, the government is not at all more than parliament. It is just a committee of parliament. Therefore, sir, it belongs to us, members of the House of Commons, to make suggestions in these difficult times so that the ship of state will get out of the fog, and so that we may have clear vision of what we have to do for the benefit of the Canadian people.

It is impossible to make any decision, because decisions are not made by some of those who adorn the treasury benches. Most of the

time decisions are made outside, by outsiders. Those decisions by outsiders are often to sabotage what has been done by those of us who are supposed to hold in our hands the destiny of this country.

Well, sir, I read a Canadian dispatch which appeared yesterday in all the papers. It was a dispatch respecting an interview given by the Prime Minister before leaving for Canada, on his way home. Everybody has read it. I could easily refer to it, but hon. members will know what it is about. But is there anyone who will suggest that Mr. Mackenzie King's glory would not have shone more if he had resigned three months ago, before leaving for Europe? If he had done so, anybody could have gone to Paris. They would not have achieved more success than Mr. King has achieved. But everybody would have said, "Oh, if Mr. King had been there he would have had a branch of the olive tree in his hand to settle all difficulties and all differences. It is most unfortunate that Mr. King resigned so early. He should have been there."

As a supporter of Mr. King I want his glory to remain intact. That is precisely the reason I regret so much the pressure that has been put upon him to prevent his doing what apparently he wanted to do, what the National Liberal Federation wanted to do immediately after the last election, in the summer of 1945, according to the statement made not long ago by the hon. member for Rosetown-Biggar (Mr. Coldwell) when he said that the leadership of the Liberal party had been offered to him by someone of importance outside the house.

Mr. BRADETTE: Who was that man?

Mr. POULIOT: I do not know; I never heard about it. I never am consulted, any more than the hon. member is.

Mr. BRADETTE: Nobody made any offer to the leader of the C.C.F. party.

Mr. POULIOT: I would take the word of the hon. member for Rosetown-Biggar just as much as I would the word of the hon. member for Cochrane (Mr. Bradette). I respect them both.

Mr. BRADETTE: On a question of privilege, there has been mention inside and outside the house with respect to a man prominent in Liberal circles approaching the leader of the C.C.F. party. No name has been given, and I should like to know what the name is. I believe the house is entitled to know that name, too.

Mr. POULIOT: I remember that a former president of the National Liberal Federation had said in Windsor a long time ago, before the election in 1935, that there was no difference between the C.C.F. and the Liberal party. And that is precisely why I was called by the party to Windsor to support the nomination of the late Hon. Norman McLarty, who later became secretary of state. I do not know whether it was the same gentleman who spoke to the leader of the C.C.F. group, because he was away when the conversation took place. But it could have been said by the National Liberal Federation, and it could have been said by Mr. Gordon Fogo, whom I object to as president of the liberal federation, because of his dealings with the Tories during the war. And, by the way, sir, I know my onions. When I state something I can give the evidence for what I am contending.

Well now, is it true that in this house—it is not necessary to go outside the house—there is no one who could slip into the shoes of the Prime Minister, when the duty of remaining leader of the house and Prime Minister against his own will is being imposed upon the present Prime Minister? I do not think so. I do not think it is fair to make a suggestion to the effect that Mr. King is the only man who can be prime minister of Canada, after he has been prime minister for twenty years.

I repeat it is not a matter of disrespect, but rather one of urgency and of national importance. And if I had not spoken on this motion, sir, I am sure the house would have given its consent to debate the matter on a motion to adjourn the house to discuss a matter of urgent public importance, as this one is.

As I am proud of my colleagues, as I appreciate all of them, and as I appreciate the ungrateful task they are performing in the house, I want them to leave Ottawa not with a sour mouth but with content in their hearts and satisfaction in their minds. I would want them to go home with the conviction that we are contributing together to put the country on its feet for a better future for all Canadians.

The other day I listened to a moving speech by the hon. member for Cape Breton South (Mr. Gillis) in which he said that party considerations did not affect him much. That is my position. I have been fighting for the Liberal party for a number of years because I expected reform. I have tried many ways to obtain reform, first by suggesting a union opposition composed of men of good will, before the three war ministers were out. Then I appealed to patriotism and to love of Canada, but without success. I appealed to liberal minded members of all parties of the house, leaving aside political

labels, ignoring them; I appealed to their sense of duty, which is another form of patriotism; now I make a special appeal to all true reformers.

The question is to obtain reform in the government; the question is to go back to the old democratic rule of responsible government; the question is not to use abstractions, to curse and denounce abstractions. We will get nowhere with that. It has been an honour for a long time to be the Prime Minister of this country; it was an honour when life was easier, when taxation was less, when there were no labour difficulties, when people earned less money but when money had more purchasing power. The people were contented and satisfied with their lot.

I remember having seen prime ministers of Canada in coaches driven by fine horses parading through our cities, which were all decorated, and making fine speeches that got great applause. Now conditions are different. Social life is of no importance for those who govern this country. We have evidence of that in the fact that prior to the war there were receptions that we do not have any longer. I do not complain about it; I understand very well that cabinet ministers do not have the time to entertain members of parliament as they did before the war. What is important is not to listen to fine, moving speeches made to large crowds on special occasions by the right hon. Prime Minister of this country and the hon. gentlemen who are his cabinet ministers, et cetera, et cetera; what we have to do is to roll up our sleeves and work.

An hon. MEMBER: Hear hear; let us get at it.

Mr. POULIOT: Exactly. This is all the more so because last week in the senate committee I heard the governor of the Bank of Canada, Mr. Towers, declare that Canada can pay the tremendous debt we have—he seemed absorbed in his thoughts when he spoke those words—only with the sweat of our brow, with lots of luck and with plenty of time. Lots of luck provided that we come back to reality, provided that we put aside all dreamers, provided we give our confidence to men who have accomplished things, provided we give our confidence to realists and reformers.

I have never understood why in the world the Prime Minister holds so many portfolios. He is the Prime Minister of Canada, the first minister, which is the same thing. He is the President of the Privy Council. He is the Secretary of State for External Affairs. He is the leader of this house. It is an unusual situation that the minister whom he appointed to replace him as leader of the house should have gone away while the house is still sitting. He is the President of the Privy Council, and the President of the Privy Council is far away from the east block at the present time.

In my humble view, and in the view of my constituents and of several English and French speaking Canadians, in these crucial times through which we are passing the Prime Minister should be only the Prime Minister. He would not have enough time to head the Department of External Affairs. The foremost duty of the first minister of the land should be to supervise the departments and give them leadership and inspiration to rebuild and reconstruct this country. Is it impossible to find in this house a man who can fill that position in order to give the Prime Minister of Canada, whom I respect and whom I have defended, at times even against himself, a real rest when he has expressed so definitely his desire to get it?

It is the privilege of a Prime Minister to choose his colleagues in his cabinet. I know that, and I knew it when I was rebuked by the Prime Minister after I had said that Tom Moore should not be minister of labour. I expressed that pious wish, and I was at once rebuked by the Prime Minister, who told me to mind my own business. In fact Tom Moore was not appointed minister of labour, and although I had received the rebuke I had the satisfaction of winning my point.

I admit it is the privilege of the Prime Minister to choose those with whom he wants to surround himself in the council room. That is his business, but it is the duty of the house to make suggestions so that the best choice is made of his successor, not by the Prime Minister but by the party as far as the leader of the party is concerned, and by the house in order to find a leader of the house. Government exists only as long as it has the support of this house.

After major consideration and thought I have come to a conclusion which I offer through you, Mr. Speaker, to the House of Commons. We are starting a new era. The war has been left behind and we are starting a real post-war and peace era. There are many ungrateful tasks, and I sympathize with the right hon. Minister of Justice (Mr. St. Laurent) who has had to do things that were most unpleasant to him. But he did them from a sense of duty, he did them to be true to the dicta of his conscience and I admire him greatly for that. He enjoys the respect of all of us. When I think of all his colleagues I also have great admiration for them. Some of them are personal friends, and others

deserve the consideration that they enjoy from all of us. I am sorry when I disagree with them on some matters. However, this is a free country and I appreciate the fact that I have never been canvassed in my office by any whip, by any minister or by any other Liberal member to change my views. The Liberal party is a party where freedom of thought is respected.

The war effort of Canada was referred to by Mr. Churchill in New York during the war as being a massive effort. He said that in the presence of the Prime Minister. I cannot forget that the main artisan of the Canadian war effort, the man who organized war production in the country, was a man who worked day and night for his country. I know of no man in this house, and I say this with due respect to my colleagues whom I respect and admire, who could have achieved the miracle accomplished during the war by the Minister of Reconstruction (Mr. Howe). I have disagreed with him at times, especially in the early part of the war, but he and the able men whom he gathered around him deserved and got my admiration for the splendid task that they performed in those difficult times. In proportion to her population Canada has done more than any other country in the world for the war effort, and no one will say that the Minister of Reconstruction was not the main artisan of that magnificent and massive production.

The conclusion is obvious. The Prime Minister has said that he wants to go. It is absurd to force a gentleman who will reach his seventy-second birthday in a few months to stay at the helm of the ship of state any longer when he himself wants to go. I regret it, but that is his decision. But there is somebody to replace him, and I say this without deprecating the fine work done by all the colleagues of the Prime Minister. I think the man who should be in charge of reconstruction for peace should be the man who was in charge of our war production. He is a realist; he has the finest possible background to accomplish that task. I suggest that he should be prime minister, but only prime minister to supervise the work of his colleagues whom he will be free to choose.

It is easy for any hon. member to "slate" a cabinet. All one has to do is to take a sheet of paper and put names on it. But it would be unjust. It pertains to the Prime Minister to make his own choice and come before the house and have the support of the house for his government. When I look around, I would not be surprised if some of the ablest men—and they are many—in the other groups would be invited to join in the formation of such a cabinet, which would be a real peace cabinet. How can anyone go to other countries and lecture them on what they should do when there is disorder in this country? The first duty of the Prime Minister is to stay here. The first duty of the Prime Minister is to his country. Mr. King has realized it, and now he is on his way back to Canada; and are we waiting for word from him to decide what we have to do? Therefore, sir, my suggestion is that the house should comply with the wishes expressed so often by the Prime Minister of Canada,—and this is for his own glory—

Some hon. MEMBERS: Time.

Mr. SPEAKER: According to the rules of the house the hon. gentleman is not limited to forty minutes.

An hon. MEMBER: Have we got to stand for this all day?

Mr. POULIOT: I suggest to the hon. gentleman that he learn the rules of the house. Besides that, we could make a motion so that he be appointed to the senate after the formation of the new cabinet.

Mr. SPEAKER: Order. I refer hon. gentlemen to *Beauchesne,* page 93, rule 219:

> A member speaking immediately after the minister has moved that the Speaker leave the chair for committee of supply or ways and means, may speak for more than forty minutes. He has that right whether he moves an amendment or not.

Mr. POULIOT: Thank you, Mr. Speaker; and through you I will say to the house: Stop, look, and listen.

An hon. MEMBER: Have a heart.

Mr. POULIOT: What I am saying now is for the prompt expedition of the business of parliament. I have no other intention. We are all in the fog; we do not know where we are, and it is time to decide something. It is time to lose that inferiority complex which is the characteristic of fascist states, and we should come back to the democracy which is so often preached in this house when in fact it does not exist. As a Liberal, sir, I regret that when I defend the rights of democracy in this house, everyone who speaks his own mind, everyone who says aloud all that is said behind doors, is interrupted by those who have not the courage to speak out what they say *in catimini.*

An hon. MEMBER: Have a heart.

Mr. POULIOT: Surely I have a heart, and if I had not been interrupted I would have finished my speech a long time ago. That is the reason I am still standing here, sir. I congratulate you, sir, because you do your

duty, and I admire the way in which you perform it. But I will tell you, sir, that I hope those who have interrupted me, who call themselves Liberals but who are no more Liberals than they are Chinese, will be put out of the party in power and will be replaced by men of good will, by liberal-minded men coming from all other parties of the house; and the gain would be to the government of the day. As a Liberal I am convinced, when I hear shouts and screams and howls and groans every time a member has the courage to stand up and express his convictions, that if we are in a democratic country, if the right of free speech exists, it is the duty of a man who has the faculty of saying what he thinks, to speak here what he believes is for the good of this country. And now, sir, I am nearly through.

Some hon. MEMBERS: Hear, hear.

Mr. POULIOT: I will speak longer. Those who have just interrupted me are those who make no contribution to the debate except by groans, by howls, by shouts and by screams. They are like those musical instruments which are called drums; they are very noisy, but they are empty. And, sir, having said what I think—

Mr. BRADETTE: Loud laughs.

Mr. POULIOT: It reminds me of what Mr. Lapointe told me one day when I denounced some of the parasites we had on this side of the house and who, thank God, have gone away. He told me that the hon. member for Yale (Mr. Stirling) had said to him across the floor, "Don't laugh; you encourage him." I do not need to be encouraged.

Mr. FRASER: You're telling us!

Mr. POULIOT: It is no pleasure to me to leave my part of the country to come here to-day and to take advantage of the last day on which I am afforded the opportunity to speak as I do now to say all I have to say to members of parliament, to complete what I have already said so often during the session, to inspire in them self-assurance so that they will be confident of themselves and can go back with pride to their constituents and say, "We have accomplished our duty; we have done our best to put the country in order."

The reason I mentioned the name of Mr. Howe is that his work has been sabotaged on housing and on aviation, and he has not been given full freedom of action to do what he wanted to do. Every time he has been prevented from doing what he wanted to do by those who think we can pay the tremendous debt of this country by the sweat of our brow in lots of time and with lots of luck. Let us help ourselves now. The Minister of Reconstruction and Supply is in good health; he is not an old man; but I do not think that he will stay very long; it is a sacrifice which the country asks of him to require him to finish his job in order that he can organize peace. It is a great sacrifice and it will be a burden for him. I show that I have no narrowness of mind and no prejudice when I mention for such a high post one from whom I have differed at times but whose merit I recognize.

In all friendliness, sir, I thank very sincerely the house for the kind reception they have given me. I hope some things will be done to comply with the wishes expressed by the Prime Minister, and that, without discrimination as regards any one of his colleagues, the house will choose a leader who is a realist, and who has accomplished so many important things in the past.

There will be young men who have legitimate ambitions, and after the country is again on its feet there will be opportunity for the party or for any organization to select a new leader. In the meantime we will have no elections, except under special circumstances, for a few years. The task of reconstruction must start now. It must not start in a month, in a year, in two years; it must start now, and be given a new impulse by a man who will have the supervision of all departments and who will have the authority to tell his cabinet colleagues what they shall do, each one as the head of his department, so as to perform the best possible task and enable us to achieve reform, not by speeches, but by example. I thank the house, sir, and I thank you.

Motion agreed to and the house went into committee of supply, Mr. Macdonald (Brantford City) in the chair.

LEGISLATION

The Senate

The Speaker of the Senate—
Salary and motor car allowance, $7,000.
120. Allowance in lieu of residence, $3,000.

Item stands.

DEPARTMENT OF MINES AND RESOURCES

Immigration branch—
186. Administration of the Immigration Act and the Chinese Immigration Act, $218,866.

Mr. MacNICOL: Can the minister give some information about the preparations being made, in addition to those he mentioned last night, to receive refugees, of whom quite a number have applied for admittance into the

country? In my riding there are two or three thousand Ukrainians, six or seven thousand Jewish people, four or five thousand Italians, perhaps two thousand Poles, and people of other European nationalities, as well as of course a large number of people of British origin. I have received from many of them, particularly from those originally from the continent, requests that last remaining relatives be allowed to come to Canada. In most cases, after inquiry I have sent the application on to the department. Some of these people who would like last remaining relatives on the continent to come to Canada are comfortably off and able to take care of them, and they are ready to give any bonds required by the government so that the immigrants will not become a public charge.

I wish to support what the member for Spadina said last night. In my opinion, too, the time has come when we should follow the United States programme in preparing for an over-all immigration policy to see to it that folks of the best type are admitted, irrespective of race, ensuring of course that the predominant number will be from the British isles. To my own knowledge representatives of all the races I have mentioned, so far as my own riding is concerned, have done wonderfully well in helping to build up the country. I refer first to the Jews, the Ukrainians and the Poles. We have two Ukrainian members of parliament, one in the C.C.F. representing the constituency of Dauphin, and the hon. member for Vegreville; and we have one hon. member of Jewish race representing the constituency of Spadina. There may be others whose names I have overlooked. But certainly these three gentlemen, representing their races, have all demonstrated what this country owes to the people of their nationalities. The Italians, Poles, Russians and Scandinavians are also well represented in my riding. I concur in what the hon. member for Spadina said about the proposal to organize an over-all immigration plan, not forgetting that the predominant stock be British origin. I am in contact with organizations representing thousands of people of the nationalities to which I have referred, and I think that every effort should be made to allow the applicants to come in if they are fit and if and when they can be absorbed.

Mr. MICHAUD: In view of the remarks that have been made urging a greater degree of immigration, I think I should say a few words lest the impression be left that the house unanimously favours more immigration. I for one cannot subscribe to the policy, and I wish to place on record my opposition to any opening of the doors until such time as we have set our own house in order.

In the first place, Canada has for years been the stepping stone for immigrants wishing to go to the United States. I have not had time to look up the figures, but I have seen them, and my recollection is that over a period of forty years the national increase in population has been almost as large as if not larger than the number of immigrants who have left the country for the United States. This establishes clearly that a good many of these immigrants went to the United States or else drove some of our own Canadians to the United States. Just as phony money drives good money out of circulation, immigrants have been driving out the natives of this country. Statistics show that the proportion of Canadians of British descent is decreasing steadily and that of French extraction remains stationary. Is this situation healthy, or is it one that should be encouraged further?

While the majority of the people from continental Europe have proved to be fine citizens, particularly Ukrainians and Scandinavians, the fact remains that other groups have been a source of trouble at times. Before talking about bringing more people into the country we should look into our own labour situation. As the minister pointed out, we have yet to reestablish in civilian life a number of our servicemen, those actually in service and those taking vocational courses. Moreover, according to the report of the Minister of Labour, even at this favourable time of the year our unemployment is still quite high. Until this number is further reduced it would not be in the interests of labour to bring more labourers into Canada.

After all, the great majority of immigrants who have come to this country, including farm help and farmers, were manual labourers. All those in this house who champion the cause of labour must realize that labour is better served where unemployment is at the lowest ebb. For that reason immigration of labourers, except under special circumstances, cannot serve the cause of labour. Abundant labour always means a lower standard of living. In my humble opinion the only immigrants we might be able to absorb without too much danger at this time are farmers and would-be farmers.

Everyone realizes the importance of having this country thickly settled. There is only one way of doing that, and that is by occupying the greatest area of land and farming it. Merely increasing the population of the cities and towns would not in my opinion better

our situation as a nation. If we wish to be a great nation we must occupy and cultivate more of our arable land. We shall not do this by bringing in industrial workers.

This may sound rather arbitrary, but I believe that in the best interest of Canada all unskilled immigrants should be admitted to the country on the understanding that they remain on the farm for at least one generation. The best way to develop love and devotion to a country and its institutions is to develop love and devotion to the land and the soil, and practically the only way to develop love and devotion to the land of the country is to clear that land and cultivate it.

I venture to say that all new Canadians who have spent the early years of their lives in this country in the pursuit of agriculture are far better citizens than those who have had to depend for their livelihood on other types of manual labour. Therefore our immigration policy should be directed towards bringing in people who are willing and anxious to till the soil. When this situation arises, to prove to the house that I am not opposed to immigrants of all types, I claim that we in the maritimes, and New Brunswick particularly, should have our proper share of immigrants. In my own riding there are hundreds of acres of good arable land, quite as arable and as valuable as the land in the western provinces. Let us have our share of farmer immigrants. We could settle thousands of them in my own riding, but I warn the government that what we need is farmers and not industrial workers, not pick and shovel immigrants.

Another reason why I consider immigration inadvisable is the housing situation, which is so serious. Where will you house the immigrants when you are unable to take care of your own people, your own veterans? I cannot understand the position of those who are clamouring for further immigration under present housing conditions. If deserving and desirable immigrants are anxious to come and ask us to receive them, then I think charity and justice bid us to receive them and treat them with the greatest degree of Christian kindness; but I see no reason for our making any special effort to bring people to this country unless they are anxious to come. If we do so we give them an implied undertaking that they will be pleased and well taken care of here. If they should be disappointed, they are apt to blame us for it.

Mr. ZAPLITNY: I do not propose to discuss the question of the whole immigration policy, because I believe the minister intimated yesterday that in a short time from now it would be his mission to give to the house and to the country his view and the view of the government on the question of immigration as a whole. Therefore I shall confine my remarks to the question of the admitting of refugees and displaced persons.

Before I do that may I express my deep gratitude to the hon. member for Davenport for what he has said in his broad-minded way about the people of Ukrainian origin. I also express my gratitude to the hon. member for Restigouche-Madawaska. I do that because anything that I would say about the question of Ukrainian refugees or displaced persons can better be said by hon. members who are not of Ukrainian origin. For that reason I want to place on record part of the report of the immigration and labour committee of the senate, which makes reference to the Ukrainian question. For obvious reasons I would rather have their opinion on record than my own views. May I say that this committee did a fine job in taking evidence both for and against the admission of immigrants into Canada. Therefore their report is based upon evidence taken on all sides of the question. First they make reference to other persons who are in displaced persons' camps, and then they have this to say about Ukrainians:

> Ukrainians Available
>
> There would appear to be at least an equal number of refugees and displaced persons of Ukrainian origin in the camps of Germany or drifting about Europe. Some millions of men and women were driven by the Germans from the territories they occupied to be used as slave labour. The home country of these people has been devastated, and it is thought that many would welcome an opportunity to recommence life in Canada. How suitable they are for settlement could be learned by careful investigations where they are, and by no other means. Our agents should be in Europe now engaged in this work, for if they are such people as the Ukrainian settlers who came to Canada in the years preceding the last war they will possess characteristics of intelligence and industry which may well contribute to Canada's development.

I place that on record because I would rather have the views of a body of men who took evidence from all sides, pro and con, and came to that conclusion, than place my own interpretation on it.

I should also like to make reference to another organization which appeared before the immigration and labour committee of the senate. I refer to the Canadian national committee on refugees, which was organized in 1938, the chairman of which is the Hon. Cairine Wilson, and the honorary chairman, Mr. B. K. Sandwell, two persons both well-known in Canadian life. After discussing the question of displaced persons and refugees

before the committee they made, among other recommendations, this one which I consider to be most valuable in the immediate future. Their first recommendation was:

> That Canada should state her policy on displaced persons immediately without waiting for decisions of the united nations.

They go on to say:

> Australia has already made known her intention to take 70,000 immigrants annually. Great Britain, having accepted 150,000 to 200,000 before the end of the war, announced in the latter part of 1945 that relatives and concentration camp survivors would be admitted. The United States having taken about 250,000, has reopened quotas to provide for displaced persons of several nationalities and will admit a total of 39,000 a year.

They advocate that in proportion Canada do her share in admitting whatever number of refugees and displaced persons it is possible to admit in the immediate future. Another recommendation they make is as fallows:

> That the important distinction be recognized between immigration policy and policy concerning refugees and displaced persons.

May I say that I found much with which I could agree when I listened to the hon. member for Restigouche-Madawaska, particularly when he said that at the present time it was not a question of opening the door wide to immigration until Canada's house is in order.

May I also refer to the attitude which organized labour may take? I wish to put on record what the Canadian Congress of Labour had to pay on this question on July 25, 1946. They recognized the distinction between imigration as a policy and the immediate policy of bringing displaced persons and refugees here to find a sanctuary. This is their fifth recommendation:

> The admission of refugees, though it has, of course, economic aspects, is primarily a humanitarian question. Canada is under an obligation to humanity to admit her due share of refugees even if it costs her something. It may actually bring her important economic benefits. But even if it does not, she must do her part.

That is the view of organized labour, speaking as recently as July 25 of this year. It is a fair and humanitarian stand to take. Organized labour realizes that there is a danger in a period of mass unemployment, and in the housing crisis we are now experiencing overcrowding may work to the detriment of labour; but even in the face of that, from the point of view of helping people less fortunate than ourselves, organized labour is prepared to allow that class of people to come to Canada.

[Mr. Zaplitny.]

May I also refer to the recent convention of the National Council of Women, in which Mrs. R. T. Tanner, Toronto, who was the convener of the united nations committee of the National Council of Women, had this to say on June 6 of this year:

> Approximately 750,000 persons in Europe cannot return home and must find new homes abroad. We must be willing to take a number of these unfortunate people and let the government know Canadian people are anxious to help solve this problem.

May I come back to another recommendation of the Canadian national committee on refugees. In their fifth point they recommend:

> That immigration officers be sent immediately to the distress areas, particularly into the displaced persons camps.

The reason for that is obvious. In addition to the shipping question, as the minister pointed out yesterday, there is the question of the inspection and selection right on the continent. I quite realize that the minister and the government want to be as careful as possible, and they should be, to see that the right type of person is admitted to Canada; that anyone who may bring in some malignant disease, whether it be physical or mental, should not be permitted to come to Canada. I agree that great care should be taken. On the other hand there is definitely a question of urgency. We must remember that this problem of displaced persons and refugees arose even before the war ended. The war has now been over for a considerable period of time. Thees who are in the displaced persons camps have had the feeling that since the war is over, since conditions are more favourable, the allies will come to their rescue. The people are suffering, not only physically but mentally, because they are in a state of uncertainty; they do not know what is going to happen. They have looked to the United States and Canada as a sort of paradise to which they will be admitted when conditions permit. I feel strongly on this question. Perhaps because I am of Ukrainian origin I get more letters from people on this question than the average member would. But I know other members have received letters telling them of the desperate urgency of the situation. In fact I have received letters directly from overseas, from the displaced persons camps. I have taken pains to ascertain the truth of the allegations made in the letters, and I am satisfied that in respect of many of these people there is a degree of urgency which almost reaches desperation.

Let me make it clear that I am in favour of the government being very careful in

checking anyone who applies for passage to this country, in that only those who will make good Canadians shall be admitted; but beyond that I doubt whether we should be too strict or too technical. Certainly we can no longer be dilatory. We should take as many of these people as it is possible for the country to absorb at this time, in order that they may get away from the conditions which surround them.

Mr. HERRIDGE: I had not intended to say anything on this subject, but after listening with interest last night to the minister's statement I think something should be said now, because it may be too late when we meet next session.

One hon. member suggested giving a preference to European peasants rather than to English slum dwellers as immigrants. It just so happens there are thousands of city dwellers in England who would like to come to Canada.

Before proceeding further I should like to remind the house of what the English slum dweller has contributed to the welfare of democracy. It was slum dwellers in England who formed the first trade union in Great Britain. I refer to the Tolpuddle martyrs, who were slum dwellers and who were the originators of the trade union movement in Great Britain, a movement which has been supported loyally throughout the years by large numbers of people who would be termed slum dwellers. Those people have strong democratic instincts. I would say, too, that the foundation of the cooperative movement in Great Britain rests on the activities and support of the slum dwellers, as it was originated in the village of Rochdale. And that movement was begun by what would be described as slum dwellers in what would be called now a slum. The cooperative movement in Great Britain has been built to a great extent by the activities and support and loyalty of the so-called slum dwellers of that country. It was built on the poverty and the pluck for which the slum dwellers in Great Britain are known.

Who first sensed the dangers of the fascist creed in Great Britain when some in high positions failed to realize it, and laughed Mosley's black-shirts into the backwaters of impotence? It was the slum dwellers of that country who did it. Who gave the world a greater example of heroism among a civilian population than the slum dwellers in the cities of England did during the last war? What civil population in the world's history has stood so fast and so firm, and under such difficult circumstances, and has defied tyranny, as the slum dwellers of England? We owe them a debt of gratitude. If they had faltered at that time, if their morale had collapsed, history would be written in different terms to-day.

How many thousands of the troops on the beaches at Dunkirk came from the slums of Great Britain? How many men in the eighth army came from the slums of Great Britain? How many men who came from those slums served in the British navy, air force and merchant marine?

Mr. BLACKMORE: And in world war I, too.

Mr. HERRIDGE: Some people may question the advisability of bringing the so-called slum dwellers of Great Britain to Canada as immigrants. Anyone who knows Canadian history must know that thousands of them came to this country and have made an excellent contribution to its development. Hundreds of men in the public life of this country to-day, in different communities across the country, came from the slums of England. I mention these few facts because I want people fully to realize what contribution these humble people, who had so very little, have made to the development of democracy in Great Britain.

I am disturbed by the lack of immigration policy on the part of the government, and by statements which have been made. I was particularly disturbed when I read one of the reports of the senate committee on immigration, where a certain Lieutenant-Colonel Hicks, of Montreal, who until recently was a member of the Canadian portion of the military government in Germany, and who had under his control some twenty-two or twenty-three Canadian officers, suggested that we should admit four million Germans to this country as immigrants. Anyone who reads the record will see that. At the same time there are thousands in Great Britain who wish to come to Canada, but who are not getting any encouragement. I should like to tell the committee about an experience I had in the winter of 1938, just before the war. A young chap knocked at my door and asked lodging for the night. He was a young seaman from Glasgow who could not get employment in Great Britain. He had been on the dole for some years, and had heard that he could get employment on our great lakes as a seaman. He came to Canada, and after working two or three weeks on the great lakes on a pulpwood barge, the job was completed. Following that he hitchhiked across Canada, having been told that he could get a job on a ship in Vancouver. He travelled from Winnipeg to my home in the

Kootenays, when, as I have said, that dark winter's night he knocked on my door, asking if I could put him up. I did so, keeping him for a week or so and in the meantime making arrangements for his transportation to Vancouver, where he thought a shipping job was available. The Canadian government deported that young man back to Glasgow. Throughout the years I corresponded with him because I was interested in what he was doing. The day war was declared he joined the merchant marine because a call had gone out for men to serve on the ships. He served throughout the war and was torpedoed several times.

Quite by accident, just before coming to Ottawa in March to attend the sitting of the house, I had the opportunity of speaking to him for ten or fifteen minutes in Vancouver. I said, "What do you intend to do when you get out of the merchant marine?" He said, "There is nothing I would like better than to come to British Columbia and stay on a piece of land." I might add that he was a hard-working chap, and capable. I said, "What have you done about it?" He said, "When we were in London I went to the office in that city, but I was given no encouragement whatsoever. I was practically told that they did not want any immigrants from Great Britain in Canada at the present time."

Mr. BLACKMORE: Imagine that!

Mr. HERRIDGE: When we are discussing the matter of immigration I believe we must remember that, on the whole, Europe is short of man-power. Man-power is required throughout the devastated sections; but in Great Britain, with the exception of immediate reconstruction requirements, there will be a surplus of man-power.

I should like to read from a publication which quotes what a Mr. Wickman has to say. This man is a progressive British industrialist who was in Toronto some months ago. He said this:

> "Canada is one of the millionaires of the new era. We in Britain, who were the pioneers of industrial development, are now one of the new poor. Britain's population is far above the ability of her domestic raw materials to supply."
>
> Mr. Wickman advocated the transplanting of British industries to Canada with the transplanting geared to immigration. He left no doubt that if adequate labour were available, he would move his own vast enterprises to this country.

The hon. member who has just spoken said, I believe, that life on the land developed the greatest degree of loyalty and devotion to the country. I do not think any group of workers could excel the industrial workers of Great Britain in the loyalty and devotion to democratic ideals they have shown in past years.

I realize that the question of displaced persons is a difficult one. I should like to pay tribute to all those of European stock who came to this country, and who assisted in its development and in our war effort. Many fine people have come to Canada from Europe; I have known many of them. But this is a question which causes many Canadians serious concern. There are some displaced persons in Europe who have suffered nazi tyranny and nazi oppression. Some of them want to come to this country, and we should admit them at the first possible opportunity. At the same time there are hundreds of thousands of displaced persons who helped Hitler until the day of allied victory. In this connection I should like to read from a letter written by a Canadian soldier and published in the Oshawa *Times-Gazette,* as follows:

> Dear Sir:
>
> I was very much surprised that there should be circles in Oshawa who would champion the right of Ukrainian quislings to receive asylum in this country. I refer to the item in your paper of November 27 which deals with a resolution adopted at the Ukrainian National Hall in regard to the so-called Ukrainian displaced persons now in Germany in the British and American zone.
>
> I have first hand knowledge of these traitors since I met them in Upper Silesia while I was a prisoner of war. That is why I am not impressed about the claim that these people "are unable to return to their native land without endangering their lives on account of a system of terror practised by the Soviet government."
>
> I ask you, Mr. Editor, what we Canadians would say about a number of our people joining the German army, fighting us and our allies and then seeking asylum in Russia on the grounds that we may want to try them for treason and therefore they should be protected from our justice?
>
> These traitors should not be given asylum in Canada. I for one believe they should be returned to the Soviet authorities for trial.
>
> I first came into contact with these Ukrainian quislings when I was shipped from Stalag No. 344, Lamsdorf to Bankau, Upper Silesia, in June, 1944.
>
> I was in a working party of 24 Canadian prisoners of war who were engaged in forestry and sawmill work. This is how we came to know of the Ukrainian settlement nearby. The women used to work in the woods and their men would come to visit them on their leave. Our German guards told us they were Ukrainian volunteers in the German army. They wore the green-grey uniform of the Wehrmacht and acted like regular Germans. We often saw them when they came on leave.
>
> There were other Ukrainians in Bankau, as well as Poles, Russians and other European nationalities. But these wore the tag of forced labourers and were treated as such.
>
> You can well imagine how we Canadians felt about these Ukrainian volunteers in the German army. If we had an opportunity we would

have shot them there and then ourselves. We had more respect, if it could be called such, for our German guards as at least they were of the enemy.

Perhaps someone may ask: how come these people are now in the British and American zone? It's simple. They were afraid of the Red army and fled west into our lines figuring they can fool the allies with their anti-Soviet stories and claims that they were merely refugees from the terrible bolsheviki.

On January 18, 1945, our German guards began evacuating us westward into Germany because the red army was pressing the wehrmacht further and further west. The first to flee were these Ukrainian quislings. While we were forced to march hundreds of miles on foot they grabbed every vehicle in sight to get out of the way of the red army. We met hundreds of them, a disorderly mob, scared for their skins. Their objective was the American and British lines.

Now these same people have got in touch with their friends in Canada and want to be brought here to continue their dirty work. As an ex-prisoner of war I thought I would give the citizens of Oshawa an idea just who are these alleged displaced Ukrainians. They do not deserve our sympathy. They are traitors to the Ukraine, our ally and should be shunned as such. Certainly we should not put a premium on treachery.

The honest, patriotic Ukrainians, Russians and Poles and others who were forced labourers or prisoners of war are back home in their own countries. It is only the quislings who are afraid to face their own people, who are left in the American and British zones. I say, return them to their country to face the music there. They deserve no better.

Yours truly,

George Metcalfe.

I am not suggesting that all displaced persons are of that type, but it should put us on our guard in the selection of immigrants. If we want to have a satisfactory immigration policy we should first do more to retain in Canada those Canadians who have been trained at Canadian expense. We are losing hundreds of our choicest men to the United States because of a lack of opportunity in this country for their particular type of trained minds and brains.

We should welcome all those British people who fought the battle of Britain, those who fought in the army, the air force and the navy of Great Britain, or of any country in the commonwealth, and their relatives; those who defended our freedom and our opportunities should be welcomed. At the present time we are providing transportation for 4,000 Poles, and I understand we are to provide transportation for 6,000 displaced persons. It is hardly enough to say that British people can come to Canada provided that they get transportation. The fact is they are not in a preferred position. I have had numbers of letters from people in the old country who are anxious to come to Canada. There is no doubt that our offices in England are not giving encouragement to these people.

First, we should make arrangements for the transportation of people of British stock who want to come to this country. Second, we should give every consideration to the refugees of Europe—and by these I mean those people who were proved to be opposed to nazism and fascism, people who have suffered because of their loyalty to democracy. No group in Europe has been proven to be more completely anti-nazi than the Jewish race. These people have suffered terrific trials throughout the years and they should be given every consideration.

This is a problem that should receive the serious consideration of the government. We need immigrants in Canada, but we should have selective immigration. We must not forget that we have displaced veterans and displaced industrial workers in Canada, and we should have a policy which will permit us to absorb those people as fast as we can without disturbing our national economy. By adopting a policy which will make certain that only people of democratic faith shall be permitted to come to this country we shall be basing our future on sound foundations.

Mr. HANSELL: May I ask the member one simple question: Would he say that the people whom he refers to as being anti-nazi were also anti-communist?

Mr. HERRIDGE: I am not a communist, and in fact with my views I think I would be considered a poor candidate for membership in the communist party. We must remember that these people fought against Hitler; they fought against fascism and nazism. Those were the terrors to mankind, and they still threaten mankind to-day, but they will not wish to come.

Mr. MacINNIS: I think there are two things we should seek to avoid in discussing this matter of immigration. First, we should avoid dealing with it on an emotional basis. Second, we should avoid any effort to bring immigrants into this country on the basis that prevailed for so many years in this country when people were brought here only for the purpose of being exploited. I think it was a predecessor of the Minister of Mines and Resources, who held office when the department was known as the Department of the Interior, who said that the kind of immigrant we wanted in Canada was a sturdy peasant in a sheepskin coat with a stout wife and half a dozen children. He said we wanted people who were accustomed to working on

the land, who all their lives had worked from dawn until dark, who did not know anything else and who did not expect anything else. We do not want immigration based on that kind of philosophy. We want the people who come to Canada to have ideas as well as the ability to work and produce.

It was stated this morning that we should not bring anyone here until we had provided for our own people, until we had made our own people secure. That would be a good position to take if we had worked out a policy to take care of our people. Our people will remain in insecurity, poverty and misery whether or not other people are brought in, unless we have some planned policy for developing our resources. In my opinion that is not a very strong position to take. It was said that the standard of living of workers is always at its lowest when we have large numbers of people looking for work. True, but that applies not only to thickly populated countries but to countries with sparse populations, as we learned to our sorrow during the depression years. It will always apply as long as labour is regarded as a commodity, as long as working people are mere packets of labour power looking for a purchaser. We are not going to overcome that difficulty simply by keeping people out of the country and to that extent preventing its development.

Then the hon. member for Restigouche-Madawaska said that we should bring into this country only those who could be put on the land. But our farmers will continue to have difficulties in disposing of their produce if we do not organize our production and marketing. The only essential difference between the economic position of the farmer and the industrial worker is that the industrial worker sells his labour direct to an employer for a price, wages, while the farmer turns his labour into certain commodities, depending upon the particular type of agricultural production he is engaged in, after which he is in the same position as the industrial worker, that is, he must find a buyer for his commodity. As long as that condition prevails both the farmer and the industrial worker will be insecure, not because there is a scarcity of the things they need but because there is an over-abundance. What we have to do first is to organize our economy on a basis whereby the people will be prosperous when we have an abundance and not quite so prosperous when we have shortages. It is with that understanding that we should approach these questions.

It was said that an immigrant coming into this country should be compelled to remain on the land for a generation in order that he might learn to love the land. That is a fallacious argument, and we will realize that if we will only observe that our land is being denuded to-day by people who have owned it and tilled it for several generations. They are leaving the land, not because they do not love the land but because the organization of our economy is such that they are not able to make a living on the land. These problems all have to be solved, and they are not going to be made any easier or any harder of solution because a few immigrants are allowed to come into the country from parts of the world where their circumstances are worse than ours.

The hon. member for Dauphin in opening his remarks said that he was a Canadian of Ukrainian extraction. I am not particular what his national origin is; the sentiments he expressed to-day are those of a Canadian, and as such they are good enough for me, who because of accident happen to be Canadian born. I am sorry I was not in the house last night when the minister spoke, but I would impress upon him, though perhaps it is unnecessary, that we in Canada have an obligation to people in other parts of the world where conditions are hard. We should be careful and selective in choosing those who are to come, because it is a high honour to be accorded the privilege of Canadian citizenship. But we should not be so careful that we keep out worthy people in order to exclude those who are unworthy. As has already been said by a number of speakers, there are people who because of their necessity are not in a position to wait, and special provision should be made in cases of that kind.

We should have an immigration policy which would enable people to come to this country—and in this I agree with the hon. member for Restigouche-Madawaska—who are anxious to come here, and we should do everything possible to see that they are properly settled and are not brought here for exploitation, as has been so often the case in the past, and that in the process of settling them here we may also put our own domestic affairs in order.

Mr. WINKLER: I was very much interested in the speech of the hon. member for Kootenay West and his support of the industrial workers of Great Britain. It should not be forgotten by any of us who hail from the prairie provinces that perhaps the greatest contribution to agriculture which was ever made in the prairie provinces was made by a man who spent the first forty years of his life in the city of London. He migrated to Canada to become a farmer, and made such a success of it that he is regarded as a dis-

tinguished agriculturist. Though he had no academic training, he is one of the greatest authorities on agriculture in western Canada: I refer to Doctor Seager Wheeler. I learned also just the other day in my constituency that one of our most substantial farmers was born and raised in the city of London and is a nephew of a former lord mayor of London. I just mention these things to indicate what I believe to be the resourcefulness of the British industrial worker: he acquits himself admirably in any situation which he may be called upon to face in this country.

But my purpose in rising was to support particularly the stand of the hon. member for Dauphin, who was championing the cause of the displaced persons or refugees who find themselves in a very serious position, in western Europe particularly. They are located in Germany, for the most part, in some areas in France, in Belgium and in Holland. Most of them were forced out of their homes through fear of persecution, religious or otherwise, and found themselves in these locations at the end of hostilities. They have made the best of their very difficult situation by living in barracks which they constructed out of any makeshift materials. Those of us who were fortunate enough to visit Great Britain last December and were able to go to the continent, including the hon. member for Peel, the hon. member for Winnipeg North Centre, and myself, had the opportunity of visiting some of these displaced persons' camps in the vicinity of Oldenburg, in Germany, and our opinion was that they are just about the very best of immigrant material that Canada could want to have. We did not see them all, of course. They are scattered pretty well all over allied-occupied Germany. How many there are is a question; I doubt if there are any accurate statistics regarding the number; but the *Christian Science Monitor,* which has good sources of information, has placed the number at approximately one and two-thirds million. Most of these people come from Poland, Lithuania, Latvia and Estonia, and many of them, from south of there, who are known as Ukrainians. They are of course unable to come to Canada at the present time, and they expressed themselves to us as being desirous of coming here rather than to any other country. I should like to place on the record the opinion of a very important body of people in this country. I quote from *United Nations News,* June number, a publication printed in Ottawa by the United Nations Society in Canada: one short resolution is as follows:

U.N. Society supports . . . more liberal immigration policy . . .

"Whereas there are many people throughout the world, particularly in Europe, whose lives have been disrupted by the war and who wish to make a new life for themselves, and whereas many of these people could make a valuable contribution to the life of Canada:

Therefore, be it resolved that the United Nations Society in Canada urges the government to initiate a programme of selective immigration which will permit immigrants to come to Canada in greater numbers and under more liberal conditions than was possible before the war."

I emphasize the last part of that sentence. I should also like to refer to a publication called the *International Journal,* which is published by the Canadian Institute of International Affairs. The spring number of 1946 contains an article entitled "Parallels in Soviet and Canadian Settlement." I do not intend to quote from this article, which is quite long. It describes the two countries and points out that, whereas Russia has at least twice as large an area as Canada, her population, at least as regards the rehabilitation of Siberia, has been going up by leaps and bounds as compared with ours. A synopsis of this article has been made by the financial editor of the Toronto *Globe and Mail,* May 9, 1946. I quote from it in part as follows:

The dominion covers 3·7 million square miles, the Soviets control over 8 million. There are 170 millions in the Soviet and only 12 million Canadians. The Soviets speak with assurance of a population of 340 million people and some Canadians talk as though 12 million is a good place to stop.

Although this article does not directly assert this conclusion, the inference is that it would be dangerous for any country in the world to-day to tolerate a vacuum, and also an inference which I, at any rate, read into it, that if we do not fill the vacuum by our own volition, somebody else may fill it for us some day to suit themselves and not to suit us. Therefore I am very glad to support the argument of the hon. member for Dauphin; for I believe that in Europe we now have the last potential reservoir of good citizens, or the making of good citizens, who should be brought to Canada in large numbers. I am not arguing that we could take them all, because a great many of them will be unfit for colonists anywhere. Possibly through health or age or infirmity, many of them will never be taken out except in a spirit of tolerance or more or less for humanitarian reasons.

The minister said last night there would be a division of these among the various countries who would be obliged to relieve the congestion; nevertheless that would be a very small part of our obligation and it would be far outweighed by the good results we would

receive by obtaining this very fine type of immigrants. There are very few Ukrainian settlers in my part of the province, but the population of Manitoba is over ten per cent Ukrainian in origin, and we have no better citizens. I am not saying this to gain any personal support because there would be none coming to me in my own area; but I know many, among them school inspectors, from our district, who have been working among the Ukrainians and they will vouch for it that there are no better citizens to be found anywhere in western Canada than the Ukrainians. Therefore I urge the department to consider in every possible way bringing as many of these potential citizens as can be brought in at as early a time as we can.

Mr. BLACKMORE: Last night the minister made a remark regarding the four thousand Polish soldiers who are being considered as possible immigrants into Canada. I think the house would be remiss in its duty if it did not probe into the matter of the Poles with some care, because we may be getting ourselves into difficulties we might be sorry for if all should not be found as well as it might appear to be. At page 5495 of *Hansard* the minister said:

> In addition to that, there are 4,000 Polish soldiers, the investigating officers for which are now on their way. I believe they are now in Italy making investigations with regard to these Polish soldiers to bring them to this country. They will be apportioned throughout the Dominion of Canada, according to the regulations laid down by the Department of Labour.

I asked the minister this question:

> Will the minister say why these Polish soldiers were admitted?

I have gathered since that they have not yet been admitted, and I hope they have not. The minister then replied:

> The reason was that we were making an effort to take in soldiers who would go on the land, and into agricultural pursuits. We had many requests, and there was quite an agitation with regard to the Polish soldiers. They had expressed their intention most freely, that they were not going back to Poland, and that they intended to look elsewhere. Canada was one of the places to which they would go.
>
> Our soldiers and their dependents were the first obligation we had.

I might have been a little over-suspicious, but something about the words the minister used troubled me at the time and it has been troubling me more ever since. Therefore I would like to find out more about the meanning of some of the expressions he used. I am going to ask him a series of questions to which I would like to get answers. If he can give them now, so much the better; if not he can give them later. I think the dominion as a whole is entitled to have an answer to every one of these questions and to have it in the minutest and most sincere detail.

The minister spoke of the soldiers going on the land. Have we put on the land all our own soldiers who would go on the land? Have the soldiers from Holland, Denmark, Roumania and the Ukraine sought admittance to Canada, and has their request been considered as sympathetically as the request of the Polish soldiers?

May I make this comment at this point—the member for Vancouver East was, I thought, on that line of thought. Canada had a surplus of agricultural products before the war. What assurance have we that we shall not have a surplus of meat, grain, dairy products, fruits, et cetera early in the post-war years? Is it proposed to have these Poles displace Canadian farmers?

Let me pause here for a moment to comment. It has been my observation that many times people have been brought in from European countries and placed in good Canadian communities to help in various agricultural activities. They have remained there probably fifteen years and have then begun to buy out the original Canadians who had good British names, and in whole areas of the country you can hardly find a name like Smith or Brown or Jones or McNab. They are all some sort of un-British name now. I am not reflecting on any nationality, but I am not sure the tendency I refer to is in the best interests of Canada as a whole. I think that matter should be carefully assessed. Perhaps the minister cannot reply to these comments, but I should think he would be able to answer some of the questions I am going to ask.

"Quite an agitation", he said, was being conducted in respect of the Poles. I believe the house is entitled to know who were the people who were agitating. Was it the Polish soldiers themselves? Was it the Polish government in exile? Were there any organized groups outside Canada or were there any organized groups inside Canada? I trust I can ask the questions I am going to ask without offending anyone. We have to face facts exactly as they are, and ask questions even if they do hurt. Was the agitation by any provincial government in Canada? Was it by any labour organization? Was it by any industrial organization? Was it by any political organization? Was it by any religious organization? Was it by any political leader or any religious leader? The facts are probably government secrets, but I believe

every person in the dominion to-day is entitled to know exactly who the people were who were conducting the agitation, and I believe the members of the house have a solemn duty to find out before many more hours pass.

I have also this question to ask: What are the political affiliations or predilections of these Polish soldiers? That matter has already been referred to to some extent. Were they fascists when in Poland? I gather from some of the remarks I have heard that these people were not welcome in Russia. Why? And if they were not welcome there, what might be the reason why they should be particularly welcome in Canada? Were they fascist or communist or liberal? Were they monarchists or totalitarians or democrats? What is the record of each of these soldiers?

I know there are four thousand, but if it is expected to bring them all here, these questions should be asked with narrow scrutiny and the answers recorded. We have about all the troubles in Canada that we can take care of right now; let us see to it that we do not bring agents here who will aggravate those troubles. I want to see Canada a home for all honourable people and people of good will who will become worthy Canadians, but I am not at all in favour of bringing in people who will become agitators from the day they set foot on our shores—and we have too many of that type right now.

I want to know what are the religious affiliations of these Polish soldiers. Are they Protestant, atheistic, Roman Catholic or Judaistic? I do not want to do anything I ought not to do but I believe every member of the house realizes that any preponderance of any one of these among new immigrants would certainly be creating a handicap to large bodies of the Canadian people.

We have to face these facts realistically, and in particular with reference to these Poles—and may I just stop for a minute to refer to all the members that the hon. member for Lisgar was referring to. I sympathize with the fine ideals which were expressed in the quotations which the hon. member read. Nevertheless I tell the committee that we have all the internationalists that we want in the country right now; we have all the centralizers and general stargazers that we need. I do not want a whole lot of others in here. Of course, now it is popular to go clean crazy over internationalism, but by and by, unless we are careful, we shall wake up from the honeymoon phantasy we are in and begin to realize that in being too international we made a colossal mistake.

I should like to know what are the religious affiliations of these men. Are they evenly divided in the proportion that the major religions are divided in Canada? If it should be found that these men all belong to one religion, no matter what religion that is, I do not think that, taking them as a whole, it would be the will of the Canadian people that they be admitted.

In what provinces are the Polish soldiers to be settled? Has each province concerned been asked its consent? I do not wish to comment too much on that, but already we have groups in this country who were located by shortsighted governments in Ottawa and were placed on the lap of certain provinces. Those provinces are even yet not sure that they are going to be able to get rid of the problem so created. I see very serious complications. It is easy enough to get people in and plant them on the doorstep of the province and wash your hands of the problem. That simply is not good enough.

Is it proposed to settle these Polish soldiers in a block, or community? What are the "regulations laid down by the Department of Labour" under which these people will be settled? In my judgment every hon. member is responsible for speaking to the house in accordance with the experiences which he has had. That is how we make a contribution to each other. I have had unfortunate experiences with groups of people who settled in communities and cannot be changed into Canadians, who insist on keeping their own language and culture and going on from generation to generation. That is not good. If people are to be good Canadians they must be ready to assimilate in this country. The settling of groups in blocks is not conducive to that laudable objective. That ought to be definitely understood.

Where is it proposed to settle these soldiers? Are these proposed soldiers already in Canada? I gather from a rereading of the minister's words that they are not, and I am glad they are not, because we can still deal with the situation without being too severe. Where are they? Why all the haste about bringing them in? I understand that there was an order in council passed to admit 4,000 Polish soldiers. That seems to be an astounding thing. Why should there be such desperate haste that an order in council had to be passed to admit 4,000 Polish soldiers? Was it because the soldiers are suffering? Well, there are hundreds of thousands of other suffering people in Europe. Try to get one of these people into the country and see what happens. Every hon. member knows that you cannot get one of them in. You cannot even get a budge in the department of immi-

gration; no, sir. I am not saying that is not as it should be, but what astonishes me is that we should pass an order in council, if that is what was done, to permit the entry of 4,000 soldiers because they are suffering! If that was not the reason for consenting to admit them, what was the reason? Why were they not going back to Poland? We can have whatever attitude towards Russia we wish, but when a body of people 4,000 strong are undesirable in their own homeland under Russian control and they seek admission to ours, we owe it to ourselves as a great duty to know something about the reasons why they were not going back to Poland.

The minister used these words: "Our soldiers and their dependents were the first obligation we had." That sounds innocent enough until you begin to think about it. "Our soldiers"; were these 4,000 Polish soldiers our soldiers? If they are classified as such what claim have they to be classified as our soldiers?

An hon. MEMBER: They fought for us.

Mr. BLACKMORE: It can be said that they fought for us. So did soldiers from a score of different countries. That did not make them our soldiers. I am not sure that they joined the Canadian forces or were ever identified with the Canadian forces. At this moment I wish to stop and pay respect to the splendid Polish airmen who formed so solid and dependable a portion of the R.A.F. in the critical days of the battle of Britain and perhaps played an important part in turning the scale of battle in our favour. I wish to give them all credit, but that does not mean that they are Canadian soldiers or British soldiers. Why we should become so solicitous of the welfare of these 4,000 Polish soldiers as being our soldiers needs to be explained.

Are these 4,000 Polish soldiers to have their wives and children, brothers and sisters, fathers and mothers come to Canada in due course? If you once let them come in and get naturalized then under the regulations as they now exist, I understand that they can bring in all these connections. Suppose they are settled in one community, or nearly all in one, and they bring in all the accumulation of people who would be involved under the regulations, it does not require a vivid or factual imagination to get some sort of appreciation of what might be in store for the area round about or the province which will have the responsibility.

Who are the investigating officers who are now in Italy investigating these Polish soldiers? Under the circumstances I rather fancy that the committee is entitled to know just who these officers are. The minister speaks vaguely of it. I am not reflecting on the minister's sincerity.

Mr. GLEN: Information as to the officers was given some days ago by the Minister of Labour.

Mr. BLACKMORE: That is fine. I just want to make sure that everything is aboveboard. It is so easy to slip in something under a smoke screen and sow the seeds for bountiful trouble in the future.

By what standards will these officers judge of the fitness of these Polish soldiers for admission to Canada? I think I have said enough for the present time. Before I resume my seat however I will say that we must share responsibility as members of parliament to see that no organization, racial, religious or political, shall be permitted to play high politics behind a smoke screen of generous Canadian sentimental sympathy for refugees or displaced persons. I should be glad to have an answer to these questions when the minister is able to prepare them.

Hon. J. A. GLEN (Minister of Mines and Resources): Dealing only with the question of the 4,000 Polish soldiers, the hon. gentleman expressed a good deal of suspicion of the word "agitation" which I used last night. He seemed to imply from the word that there was a good deal of lobbying going on regarding the admission of these soldiers. Let me hasten to assure the hon. member that there is no such thing as lobbying in connection with this matter at all. He knows as well as all of us know that there are 200,000 Polish soldiers who fought with our armies and who were fighting against nazism about which the hon. member spoke. He knows that the soldiers cannot return to their home for the very reason that they have fought against nazism, and in effect they are to-day stateless.

The hon. gentleman wants to know what religious denomination they are. I personally will say that I will not inquire as to the religious denomination of any immigrant who wants to come to Canada provided he is a citizen worthy to be received into the country. When these officers go that is one of the questions that will not be asked, whether they are of a certain religious persuasion. There is no discrimination against any immigrant coming into Canada on the basis of his religion, and there has not been from any time back. The agitation for their admission to Canada, if that word is to be used, came from all over the world.

In every editorial of every newspaper in Canada one read accounts of the hardships being endured by these Polish soldiers, and the need that something should be done in

order if possible to rectify their condition. There were 200,000 of them; and the dominion government, without any special references I know of from any particular body, but following the general opinion of the country, decided that it would make that contribution to the relief of these soldiers.

Our officers are going over there. I did not know, personally, any of those officers, but when I was informed as to the gentleman who was heading them I found he was a personal friend of mine. I did not know that, however, until he had been appointed. He was attached to the Department of Agriculture. Formerly he had been in the university of British Columbia, and had been identified with agriculture all his life. His present position is that of economic adviser to the Department of Labour. This man knows the agricultural conditions of Canada from coast to coast, as few men know them. I have entire confidence in his judgment, in the belief that he will accept those soldiers who will be of value and of benefit to this country, and who can be placed in Canada properly.

This matter is more in the hands of the Department of Labour than in the immigration branch. However, I would say that our branch will attend to the landing of these soldiers when they come. The department has given careful consideration to those very matters about which the hon. member has spoken. I do not know whether the hon. member is aware of the fact that all those who come will be single persons, and that there is no question as to families coming.

Perhaps the Minister of Labour can deal with this matter in more detail than I can, but I believe the same process will be adopted as was adopted by the provinces with regard to the supply of labour for harvest. The provinces will be consulted. These people will be placed on individual farms, not with any intention of having them form a block, as was suggested by the hon. member—because that is not the intention at all. They will be placed on individual farms, and in that way will make their contribution. After a period of two years, if they prove to be acceptable as citizens they will be given their landings in Canada, with a view to becoming Canadian citizens under our new act. There is nothing of a sinister nature behind it at all; there is only the desire of the government to make its contribution to what was a grievous situation so far as these soldiers were concerned. In respect of farm labour, let me say that I have heard it stated time and again in the house that there is not sufficient labour on the farms. These men are being chosen as farm labourers. The hon. member asked if they would be put into blocks in connection with the purchasing of farms. The government has no such intention. In the very nature of things, with 4,000 people spread over the Dominion of Canada, it must be clear that there is no purpose in putting them into blocks, because that would not be advantageous to individual farmers in Canada. They will be spread over the country, in the manner that the Department of Labour deals with the provinces and will be apportioned accordingly.

Mr. BLACKMORE: My questions were not implying anything. I was asking ordinary questions that the ordinary person using common sense is asking, on the street. I have had those questions asked me twenty times in my own constituency. I have asked the questions only to have the matter cleared up in an endeavour to do my duty as a member of parliament. There has been no implication on my part that religion should play any part in the admission or non-admission of people to Canada. But I believe all hon. members in the House of Commons will realize that probably the time may come when we would need to be a little careful. I am not saying what should be done.

I appreciate very much the answer the minister has given. I want to have these questions cleared up for my own satisfaction, and having done so I shall say no more.

Mr. GLEN: I should like to deal with one other statement made by the hon. member, namely his reference to political affiliations. I do not know what their political affiliations may be. But I do know and it seems to me that those of the Polish army would certainly be opposed to nazism. The Department of Labour has taken certain precautions in this connection. Among the delegation are officers of the Royal Canadian Mounted Police who will deal with the very matter the hon. member has mentioned. What their methods of inspection may be I am sure the hon. member would not expect me to say, or even the Minister of Labour. However the matter of the background of any immigrants will certainly be an important factor in any policy of immigration in Canada.

The discussion in the committee bears out what I said last night, namely that there are many opinions in Canada with regard to immigration and it is well that this matter should be discussed. I am not objecting to what the hon. member for Lethbridge has said. He strengthens my statement that this must be a matter of careful investigation before any definite policy of immigration is evolved by

government, in order that the factors mentioned here by hon. members may be taken into consideration when such time arrives. Apparently there is need for investigation to clarify the facts; that must be evident from the discussion we have had to-day.

I am glad to have heard these expressions of opinion. It has been mentioned that in the house are hon. members of European descent. The hon. member for Dauphin made a first-class contribution to the debate this morning, and I would say that his race is most fortunate in having a spokesman like him in the House of Commons.

I can add nothing more. I have set out the policy of the department which feels that these estimates are necessary for the carrying out of the purposes of the immigration branch. I am hopeful that the committee will see fit to accept these estimates.

Mr. JAQUES: Hon. members have stressed the importance of selecting immigrants for Canada. I am wondering what tests are to be applied to immigrants. It used to be simple. The immigrants were selected on their physical condition, with perhaps some regard for their financial position. If they had a little money it was all to the good. However, the physical condition was the chief consideration. That is not true to-day. Physical condition should be neither the only nor the chief test. It is the mental and moral condition of immigrants that should be examined. Why are so many people anxious to come to Canada to make their living and to spend their lives here? Why are they so anxious to leave countries which physically are just as desirable, and some of them more desirable as a place of residence, than is Canada? Is it for material reasons that these people desire to come to and live in Canada? No! They seek the individual freedom which the people of Canada still enjoy, but which has been destroyed in the greater part of Europe. It is that freedom which we enjoy in Canada that must be guarded at all costs.

The minister has said it was not the purpose of the department to inquire into a person's religion. That may be so. But to-day if we are to safeguard the freedom of the Canadian people, it is necessary to inquire into the political affiliations of immigrants wishing to come to this country. There can be no doubt that those countries of which Canada is one, which have thus far preserved the freedom of individuals, have become the mecca of all peoples who now exist where freedom has been lost. The very reason for our freedom is this: So far Canada has resisted the disruptive poisons of Marxian socialism which destroyed the freedom of the people of Europe and brought about the terrible calamities which have overtaken that continent. Perhaps the minister will be able to tell the committee by what means they will test the mental and moral fitness of those who want to come to Canada. Personally I do not know how it can be done especially in these days of turmoil when it is almost impossible to find out just what a person does stand for.

I should like to say one word on behalf of these Polish soldiers. It seems to me that they have qualified for entry. When I was in England I was told on all sides that no one had fought more gallantly against the nazis than these Poles. That rules out any possibility of their being fascists or nazis. Since they are not welcomed in any country controlled by Russia, that rules out the probability of their being communists. It would seem to me that being neither one nor the other they should become good supporters of the Canadian way of life, which is neither socialist, nor communistic nor fascist.

One magazine—I do not know how large a circulation it has—is opposing the entry of these Poles because they are Roman Catholics. I think I am right in saying that of necessity any Christian in Poland would be a Roman Catholic because that is the religion of the country. I have no religious prejudice at all. I am not a Roman Catholic, but just the same I believe that catholicism is one of the safeguards against communism and nazism. I sincerely hope it is, anyway.

That is all I wanted to say. I do not know whether it is possible for the minister to tell us how the suitability of these immigrants is to be decided. Physically it is a simple thing, but when you come to philosophic reasons it would seem to be a most difficult thing to determine. I want to impress upon the government the necessity of taking every precaution against the entry of those imbued with ideas contrary to the Canadian spirit which has made Canada the mecca for the free. I refer to our personal freedom of the individual.

Item agreed to.

Immigration branch—

187. Field and inspectional service, Canada, $1,693,694.

Mr. FRASER: This item is $383,349 greater than it was last year. Is that because of the extra field service required?

Mr. GLEN: Yes.

Item agreed to.

Demobilization and reconversion—Immigration branch—

567. Repatriation of wives and dependents of members of the Canadian armed forces overseas, $2,000.

Mr. FRASER: How about the fiancees who are still in Holland and Belgium? Could not they be brought here before these Poles?

Mr. GLEN: There is a different type of transportation required. As I said last night, some of these fiancees in Holland and Belgium are coming across by other means. They will have to have medical inspection. We have that in London, and some are coming there to be inspected and then continuing to Canada by air. First we must attend to wives and children.

Mr. FRASER: I know you must look after them first, but after these Poles have been inspected could not the inspectors go into Belgium and Holland?

Mr. GLEN: They are working in Italy.

Item agreed to.

At two o'clock the house took recess.

The house resumed at four o'clock.

PRIVILEGE

MR. SINCLAIR (VANCOUVER NORTH)—SERVICE OF CANADIANS IN AFRICA UNDER FIELD MARSHAL MONTGOMERY

Mr. JAMES SINCLAIR (Vancouver North): I should like to rise to a very personal and friendly point of privilege. Hon. members of this house object occasionally to what is said in this house, and also to what is said in the press of this country. To-day I wish to make a correction, not of what has been said in this house, or of what has been said in the press of this country, but of what was said on parliament hill to-day by, I think, the greatest soldier this war has seen, the soldiers' soldier, Field Marshal Viscount Montgomery of Alamein. It was a pleasure to hear him, but there was one special remark he made to which I have to take, on behalf of my own comrades, a personal objection, when he said that he had led Canadians everywhere except in Africa; because I should like in this house to remind the Field Marshal and to remind this house that, as Commander of the Eighth Army he led the desert air force, in which over five thousand Canadian aircrew served, and which, before Field Marshal Montgomery got to the desert, was led by the greatest Canadian airman who ever took wing, Air Vice-Marshal Raymond Collishaw, and in which desert air force, after Field Marshal Montgomery took command, there was one all-Canadian squadron, the City of Windsor squadron, of which I was a very humble member.

More than that, before I sit down I should like to pay a personal tribute to one of the staff of this House of Commons. As I stood in my office, which fortunately fronts on parliament hill, and listened to our excellent Royal Canadian Mounted Police band play tunes of the last war, and tunes which I did not recognize, it occurred to me that these bands are missing one thing; because for Field Marshal Montgomery of Alamein one piece should have been played. The ceremony ended, and our carillonneur of the peace tower here, who is, I am glad to say, a former airman, played the one piece of the desert, the piece of the Luftwaffe and the Afrika Korps, the piece of the Eighth Army and the desert air force, "Lili Marlene."

I hope that Field Marshal Montgomery will accept this correction, for there were a great many Canadians who did fight very gallantly in the desert.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF FISHERIES

76. Departmental administration, $170,340.

Hon. H. F. G. BRIDGES (Minister of Fisheries): Mr. Chairman, in presenting the estimates for the Department of Fisheries for this year, it is not my intention to make any prolonged or extended remarks, but there are some observations regarding the reorganization and expansion of the department which I feel I should make at this time.

When speaking before the committee of the whole house on my estimates, December 17 last, I made the following statement:

> No doubt the future will entail certain expansion and changes in the department. I cannot go into detail at this time but we have hopes of producing adequate staff of high calibre and properly trained. In this connection I might mention that we shall be looking for recruits from among those of our young men who have been in the three armed services and who are now returning from overseas. These new recruits will be given proper courses of instruction which, it is hoped, will make them educationists as well as police officers.

I am pleased now to be able to report to the committee that, in so far as the outside administrative service of this department is concerned, those plans have now become crystallized and steps are now being taken to bring 100 new fisheries inspectors into the field service on the east and west coasts. A basic feature of this plan is an arrangement under which a group of applicants on each

coast will undergo a period of probationary training carried on under the joint auspices of the Department of Fisheries, the Department of Veterans Affairs and the vocational training branch of the Department of Labour. Thirty-five appointments to inspectorships are to be made in British Columbia; and in Nova Scotia, New Brunswick and Prince Edward Island, where our problems are different and local conditions necessitate a greater enlargement of field force there will be sixty-five all told new inspectors appointed, making the total of 100 for both coasts.

Increase in our inspectorship strength in British Columbia and the maritimes has been made necessary by the increase which has taken place in recent years in departmental functions and by changes in their nature and scope. In order that we may serve present-day needs of the fishing industry as effectively as possible and assist in further fisheries development, the department must have additional field officers, and we are setting out to get them from among men who not only show natural qualifications for this sort of work, but have also been specially trained for the job.

The core of our recruitment scheme is in this arrangement to obtain the new officers from among people who have satisfactorily completed specific probationary training. I am told that we are breaking new ground in requiring applicants for positions in the public service to qualify for appointment by taking prescribed training under departmental control, but I do not think there is any question that it is a sound move.

In this connection, only applicants approved by the Department of Veterans Affairs for grants, which it provides for ex-servicemen completing their education or undergoing training, will be considered for these new inspectorships. Preference will be given to applicants not more than thirty-five years old when applications close, but exceptions may be made in the case of men not over forty years of age who are considered to possess outstanding qualifications. Education equivalent to high school graduation will be an essential requirement. Full details as to conditions governing application and appointment will be announced by the civil service commission shortly, but without going into these matters in detail I may add that applicants who are taken on training and complete their work will qualify for appointment as inspectors either grade II or grade I, depending on their rating as trainees. In British Columbia there are sixteen grade II posts to be filled and nineteen grade I positions. On the east coast there are, in New Brunswick, fourteen grade II and nineteen grade I posts to be filled; in Nova Scotia, seventeen grade II and ten grade I, and in Prince Edward Island, four grade II and one grade I, or thirty-five grade II and thirty grade I on the east coast.

As stated before, there will be, in all, thirty-five new inspectorships for British Columbia and sixty-five for the maritimes. In order to fill these appointments, forty-four candidates in British Columbia and ninety-three in the maritimes will be selected by the civil service commission. The commission will make the selection by "screening" all applications, thus determining by an evaluation of the information the applicants give regarding themselves in their application papers, by interviews and by oral tests, if necessary, what men are best suited to be taken on as trainees. For about the first month of their probationary training period, which will cover something like five months in all, the trainees will be employed in the field as temporary fishery guardians with pay, working under the supervision of some of our present inspectors. Those of them whose work as guardians has indicated that they have an aptitude for fisheries service will then attend a fishery course; for those on the west coast, in the Vancouver area, and, for those on the east coast; probably at Windsor, Nova Scotia. This course will be carried on jointly by fisheries, veterans affairs and labour's vocational training section, and will include a study of such subjects as methods of fish processing and inspection, fisheries biology, and so on, as well as instruction in the duties of fisheries inspectors. During the course the men will receive the basic grants provided under the vocational and educational training plan for veterans, together with the monthly allowances for dependent children. At the end of the course the candidates will be rated on their work, and those who have reached the required standing will be given an oral examination. The course record and the showing made in the oral test will together determine the candidate's final rating. In the maritimes there are, in addition to the new inspectorships, a number of permanent seasonal vacancies which offer employment for from seven to eleven months of the year. Should qualified eligible candidates remain after the full-time positions have been filled, they may be offered seasonal positions.

The established preference for ex-servicemen with overseas service will apply in case of appointments. In addition, preference in appointments will be given, first, to qualified

residents of the fisheries sub-district in which the vacancy occurs and, second, to qualified residents of the province concerned.

That briefly outlines the present plans for the expansion and improvement of the outside service of the department, and it is expected that all the 100 new inspectors will have completed their training, be appointed and on the job by May 1, 1947. I sincerely hope that, with the training these new inspectors receive, they will prove themselves to be educationists and not mere police officers. I want them to be regarded as friends of the fishermen. I also hope and trust that these plans will meet with the approval of this committee and of the industry as a whole. I further hope that these new younger men in the service will eventually provide, by way of future promotion, many suitable administrative officials for this department in the years to come. I am firmly convinced that the best way to obtain suitable officials is by way of promotion within the service, provided that they have had the proper groundwork and training; and that proper groundwork and training should be in the early years of their employment and in the outside field service of the department.

I am not as yet in a position to make any announcement as regards the reorganization and expansion of the inside service of the department, but I hope it will not be long before I shall be able to do so. I have adopted the policy of reorganizing from the bottom to the top instead of vice versa. By adopting these present plans for reorganization, I hope that in the future, whoever may be minister of fisheries, will not find himself in the position in which I have found myself, in that there is an inadequate number of suitable officials in the department. In saying this, I am not casting any reflections on my predecessors in office, because it must be borne in mind that we had those years of depression when every effort was made to cut expenditures to a minimum, followed by the war years when this department had to be neglected by reason of the prosecution of the war. Nor am I casting any reflection on the officials of this department. I can frankly say that, on the whole, the Department of Fisheries has able, competent and suitable officials, but the one big drawback is that there are not enough of them. To-day we have several senior officials either going out on pension or soon to go out, and we have not, in some instances, suitable men in the department to be promoted to take their places. The officials that we have are good and competent; but, as I have said before, there are not enough of them. I wish to take this opportunity of paying special tribute to them. I am not going to mention any names. They have given loyal and efficient service to the government of Canada. Many have been overworked and have had to work over a period of years with few or no holidays. This is definitely not a good situation. With the coming reorganization of the inside service, I hope that I shall be able to improve that situation.

With these remarks regarding the reorganization and expansion of the department, I submit these estimates for the consideration of this committee.

Mr. REID: May I, first of all, compliment the minister on the statement he has just made. Those of us who have been interested in fisheries for any considerable number of years have long recognized the fact that, if there was any one department that required new blood in the way of officials and experts, it was the Department of Fisheries. But the need for these officials and experts did not merely arise during the war period. It was evident, to me at least, that steps of this kind should have been taken in the pre-war years. However, I trust that the matter will turn out as the minister expects it will, and personally I have no doubt that the step taken is one which will redound to the benefit not only of the department but of the country and fishing industry as well.

The matter I have to deal with is one on which I would not at this time delay the committee, but it has to do with important questions that are more than national. It has to do with international affairs and therefore, in my opinion, it cannot wait. It has relation to the policy of four countries outside Canada, and I trust that the committee will be a little lenient with me if I do something that I have not been in the habit of doing, namely, to follow my notes closely.

Prior to the commencement of the session, I placed on the order paper a resolution drawing attention to the danger and possible destruction of Canada's offshore fisheries. Unfortunately, however, no opportunity was afforded to discuss this resolution, so that I am taking this opportunity to bring the matter to the attention of the government in the hope that some action will be taken along the lines I am about to suggest.

May I say at the outset that the matter, although it has to do with fisheries, comes, in the first instance, under the Department of External Affairs. But since the Minister of Fisheries is the minister in the government representing that portfolio, it is his duty, I

believe, to take the matters I am about to lay before the committee and place them before the government for action.

The question of fishing in offshore areas of the sea, that is, fisheries outside the narrow belt of waters around our shores known as the three-mile limit, is a question which has perplexed many nations since early days. Time will not permit me on this occasion to deal with the history of the rights of nations on the high seas. Suffice it for me to say, however, that, contrary to popular belief, the three-mile limit of jurisdiction is not an accepted international law by any manner of means. Important maritime countries such as Norway, Sweden, Russia, Italy, Portugal and others have never recognized, and do not at the present time recognize or admit the principle of a three-mile limit of jurisdiction.

While it is true that Great Britain and the United States, on the other hand, have generally adhered to the three-mile limit, nevertheless both these countries have on many occasions changed the limit to suit some special occasion. In 1926 the league of nations sent a draft agreement regarding this matter to almost all the nations, the replies to which are most interesting. Norway claimed rights over ten marine miles, a limit which, by the way, that country has maintained for over two hundred years. The Swedish government claimed rights to four miles; Portugal claimed rights to twelve marine miles, and Portugal also stated in her reply that it was absolutely necessary for that country to preserve the species of fish which inhabit her waters, pointing out that, if those species became depleted or disappeared, Portugal's economic position would be endangered.

Canada's position in regard to her fisheries is similar to that of Portugal. The Spanish government has long adopted jurisdiction over territorial waters for six miles out from her shores. Russia has extended and claims sea control for a distance of twelve miles from all her coasts bordering on the ocean. It is not generally known that on September 16, 1821 the Emperor Alexander issued an order in which the whole west coast of America north of the fifty-first parallel was declared to belong exclusively to Russia, foreign ships being prohibited from approaching within 100 Italian miles off the North American Pacific shores under penalty of confiscation.

Although most countries replied to the draft agreement of the league of nations, it is interesting to note that the British government made no statement whatsoever on the matter. The silence of Great Britain and other governments of the British empire is significant and would seem to indicate at least some recognition that the three-mile limit is becoming obsolete in view of present-day conditions. As already mentioned, and as could be proved if time permitted, there is no international law designating three miles as the limit of jurisdiction off our shores. Down through the ages the nations have at various times taken jurisdictional powers on the high seas and for greater distances than the distance ancient cannon were able to fire, which in those days was not more than three miles.

I want now particularly to deal with the reasons why I believe it is important and imperative that Canada take steps to control the waters off her shores so as to protect from possible exploitation and destruction our great fisheries. First of all, may I say that few countries are so fortunate as Canada in having their fisheries at their own back door, so to speak. Most nations have to travel far afield for fish supplies or catches.

Many foolishly believe that the fish in the sea or in the ocean are inexhaustible. Such, however, is not the case. It has been incontestably proved that some of the most valuable coastal and ocean fisheries are susceptible to depletion by overfishing, even though such fishing may be carried on more than three miles from shore. The great banks on the Atlantic are proof alone of this statement. The North sea and the Arctic ocean, as well as the great banks of Newfoundland and Labrador, draw the fleets of more than a score of nations.

Canada, however, especially on the Pacific coast, can obtain her supplies of fish within short sailing distances of her shores. The great Canadian fisheries are either in inside waters or offshore within safe distance of our harbours. Canada so far, however, has paid little attention, if any, to fishing on the high seas either on the Atlantic or on the Pacific. The Canadian government has made no effort whatsoever to define Canadian fishermen's offshore limits if they should be challenged by another nation, except in a treaty with the United States covering halibut; nor, so far as I know, has the government disclosed its reaction or intention in regard to the proposal of protective conservation zones in offshore waters made recently by the President of the United States.

As a matter of fact, the Canadian government has scarcely lifted a finger to survey and explore the riches of our offshore fishing grounds in which every nation at the present time could fish with impunity and to the destruction of these fisheries. Whilst what I have to say applies to Atlantic as well as

Pacific waters, I want to emphasize the problem from the Pacific outlook, owing to the fact that I am more familiar with the Pacific than with the Atlantic.

The Pacific deep sea fisheries, like those of the Atlantic, are extremely important to Canada and her economy. Canadian fishermen in these offshore waters fish side by side with fishermen of the United States not only for halibut but for pilchard, herring, salmon, cod, tuna, sardines and many other types of fish as well.

It is obvious that at the present time no regulation or limitation can or should be placed upon Canadian vessels fishing outside the three-mile limit, unless similar limitations are enforced upon vessels of the United States fleet. Whilst it is true that the United States fishing fleet has taken the cream of the fisheries, from waters off the Canadian coast, the greatest danger tc our Pacific fisheries, as well as to our Atlantic fisheries in the future, is from the danger of exploitation by nations other than the United States. Take the case of but one variety alone, that of our salmon.

Here is an industry which gives employment to many thousands of our citizens, and one in which many millions of dollars are invested. All the salmon caught either in offshore waters or inshore waters or in our rivers and lakes are all salmon which have been born and reared in Canadian or United States streams and lakes. Where it not for the fact that Canada, and the United States as well, have enacted conservation measures to protect these fish, there would be no salmon fishery on the Atlantic or the Pacific to-day. The importance of the Canadian fishing industry to our economy is shown by the following statistics:

The total marketed value of all fish in 1945	$100 million
Total capital invested	67 million
Total numbers employed	81,000

However, this is but part of the story. To preserve this industry, Canada has spent over $122 million in the protection, conservation and rehabilitation of the fisheries on the Atlantic and Pacific coasts.

Bear in mind, Mr. Chairman, that Canadian rivers and lakes provide the home and nursery beds for all species of salmon. After hatching, the salmon remains from six to eighteen months in the lakes and streams and then goes out to sea. Included in the many salmon streams and rivers we have in Canada is the greatest salmon producing river in the world, namely, the Fraser. Quite a few years ago Canada entered into a treaty with the United States regarding both coasts and with the state of Washington and British Columbia. Over the entire length of both coast lines there runs an undershelf known as the continental shelf. In some places the water over the shelf of rock is not over a hundred feet in depth. It is to this shelf of rock on the Pacific and the Atlantic that the salmon go and play around until they reach maturity. In the second, third and fourth year, depending on the species and variety of salmon, when fully grown to maturity they return to lay their eggs on the gravel bars of Canadian rivers and lakes whence they came.

Here is the danger. While the fish are playing around in these shallow waters, any country other than the United States and Canada can send fleets of boats to where the salmon are and, by intense fishing, entirely wipe them out. Is Canada, therefore, going to stand idly by while this happens, or shall we be sensible and join with the United States in designating these waters as ours for fishing? Canada and the United States have a just and prior claim to these fish, even though they are out in the open sea, because, but for Canada and the United States, there might not be any salmon there at all, because we provide the home and nursery for them. On the other hand, we not only regulate and control our own fishermen in order to preserve and perpetuate the fish, but we have also expended considerable sums of money in doing so.

The United States is much more alert to the dangers threatening her offshore fisheries than we in Canada seem to be, and therefore is taking action to avoid disaster. As recently as September last, President Truman announced that the United States government had decided to regulate and control fisheries on the high seas contiguous to United States territory. The order by President Truman provides for establishment, under recommendation of the secretary of the interior and the state department, of conservation zones in areas of the high seas contiguous to United States coasts. Until this order was passed, the only sea fisheries which the United States had participated in regulating were those of whales, pacific halibut and fur seals. The new order by President Truman notifies other nations that in areas where fisheries have been, or hereafter shall be developed and maintained by nationals of United States alone, bounded zones will be set up in which United States may regulate and control all fishing activities. This new policy announced by the president will enable the United States to protect effectively at least one of its most valuable Pacific fisheries, that of the Alaska salmon. As the President stated in his proclamation, uncontrolled

fishery activities and fisheries which allow foreign nations to fish with no thought of conservation, have constituted an ever-increasing menace to the salmon fishery of the United States, and therefore, he declares, to United States welfare.

Canada's position is similar to that of the United States. An underwater shelf of rock similar to that of the continental shelf on the Pacific runs parallel to the Atlantic coasts of the United States and Canada, and it is my information that the United States are considering taking steps also to protect those outside shallow waters on the Atlantic from exploitation by foreign fishing vessels.

The bill introduced by the President goes much farther than this, however, in that an invitation is made to other countries to join with him in this important measure. It is intended that, in areas where the nationals of other countries may be involved, zones will be established by agreements, and joint regulations will be made effective.

Here, Mr. Chairman, I would ask permission of the committee to place on record the proclamation of the President of the United States rather than take the time to read it.

The CHAIRMAN: Has the hon. member the unanimous consent of the committee?

Some hon. MEMBERS: Agreed.

(The proclamation is as follows:)

Policy of the United States With Respect to Coastal Fisheries in Certain Areas of the High Seas

By the President of the United States of America

A Proclamation

Whereas for some years the government of the United States of America has viewed with concern the inadequacy of present arrangements for the protection and perpetuation of the fishery resources contiguous to its coasts, and in view of the potentially disturbing effect of this situation, has carefully studied the possibility of improving the jurisdictional basis for conservation measures and international cooperation in this field; and

Whereas such fishery resources have a special importance to coastal communities as a source of livelihood and to the nation as a food and industrial resource; and

Whereas the progressive development of new methods and techniques contributes to intensified fishing over wide sea areas and in certain cases seriously threatens fisheries with depletion; and

Whereas there is an urgent need to protect coastal fishery resources from destructive exploitation, having due regard to conditions peculiar to each region and situation and to the special rights and equities of the coastal state and of any other state which may have established a legitimate interest therein;

Now, therefore, I, Harry S. Truman, President of the United States of America, do hereby proclaim the following policy of the United States of America with respect to coastal fisheries in certain areas of the high seas:

In view of the pressing need for conservation and protection of fishery resources, the government of the United States regards it as proper to establish conservation zones in those areas of the high seas contiguous to the coasts of the United States wherein fishing activities have been or in the future may be developed and maintained on a substantial scale. Where such activities have been or shall hereafter be developed and maintained by its nationals alone, the United States regards it as proper to establish explicitly bounded conservation zones in which fishing activities shall be subject to the regulation and control of the United States. Where such activities have been or shall hereafter be legitimately developed and maintained jointly by nationals of the United States and nationals of other states, explicity bounded conservation zones may be established under agreements between the United States and such other states; and all fishing activities in such zones shall be subject to regulation and control as provided in such agreements. The right of any state to establish conservation zones off its shores and in accordance with the above principles is conceded, provided that corresponding recognition is given to any fishing interests of nationals of the United States which may exist in such areas. The character as high seas of the areas in which such conservation zones are established and the right to their free and unimpeded navigation are in no way thus affected.

Executive Order

Providing For the Establishment of Fishery Conservation Zones

By virtue of and pursuant to the authority vested in me as President of the United States, it is hereby ordered that the Secretary of State and and Secretary of the Interior shall from time to time jointly recommend the establismment by Executive orders of fishery conservation zones in areas of the high seas contiguous to the coasts of the United States, pursuant to the proclamation entitled "Policy of the United States with Respect to Coastal Fisheries in Certain Areas of the High Seas," this day signed by me, and said Secretaries shall in each case recommend provisions to be incorporated in such orders relating to the administration, regulation and control of the fishery resources of and fishing activities in such zones, pursuant to authority of law heretofore or hereafter provided.

Harry S. Truman.

The White House
September 28, 1945

Mr. REID: This, Mr. Speaker, is one of the most important proclamations made by President Truman since he became president. Following the announcement of this policy, the republic of Mexico through its president also issued a proclamation for the control of offshore fishery resources, along similar lines to that of the United States, and likewise instructing the government of Mexico to take steps to negotiate with other countries treaties

which may be necessary. I should like to place on record the proclamation by Mexico, which is along similar lines to that made by President Truman of the United States.

The CHAIRMAN: Agreed.

(The proclamation is as follows:)

Proclamation of the President of the Republic of Mexico

The President Recovers, in the Name of the Nation, our Submarine Continental Territory

Control of Fisheries Resources in the High Seas

Present and Future Conservation of Incalculable Natural Riches Which Clearly Constitute Part of the Natural Resources

The Executive Recommends the Carrying out of the Bills for the Establishment of Pertinent Law—the Submarine Bed Adjacent to the Coastline Out to 200 Meters Below the Surface is to Belong to Mexico

The President of the Republic issued yesterday an order of historic importance in accordance with which the national territory of our nation is to extend to include dominion over all the platform or submarine continental shelf adjacent to our shores provided it not be in excess of a depth of 200 meters with a view to preserving all the natural known or unknown riches that may be found in the seabed, such as mineral products, fauna and flora. Particular pains will be taken for vigilance, use and control of zones of fisheries protection with a view to seeking the development of the resources of the high seas irrespective of the distance separating them from the coastline.

The Chief of the Nation in taking this exceedingly important step announces that he is already giving appropriate orders so that the authorities who have jurisdiction over this new thesis of Mexican territory may proceed to form the appropriate projects of law and the fulfillment of those treaties which may be necessary.

The experience of recent years has shown the increasing necessity for state to preserve those natural riches which throughout the years for various reasons have been beyond their control and beyond integrated development.

As is known, the lands constituting the continental masses in general do not rise in steep slope from the great depths of the ocean but rather rest upon a submarine foundation termed continental shelf which is limited by a line joining points of equal depth (200 meters) from which the slope descends either suddenly or gradually into the zones of middle depth of the seas. Obviously, therefore, this platform or shelf constitutes an integral part of continental countries and it is neither reasonable, nor wise, nor possible that Mexico shall fail to take care of jurisdiction, development, and control of this shelf in those areas adjoining its territory in both oceans.

It is now known, as a result of various scientific investigations, that in this continental shelf there are natural riches, minerals, liquids and gases, phosphates, calcium, hydrocarbons, etc., of an incalculable value contained in the submarine platform the legal incorporation of which to the national territory is necessary and not to be deferred.

On the other hand it is equally urgent that the Mexican nation, which nature has endowed with fisheries resources of an extraordinary wealth, such as those which are to be found, not to mention others, in the maritime area off Lower California, protect, exploit, and develop these resources in an orderly fashion. This matter is the more urgent today when the world impoverished and needy through the war brought about by totalitarianism, must increase to the maximum its food production.

In the years before the war the western hemisphere had to watch permanent fleets of non-continental countries dedicating themselves to immoderate and exhaustive exploitation of these great resources which, while it is true must help in the welfare of peoples, obviously belong first to that country which possessed them and to that continent to which they belong. Because of its very nature, it is necessary that this protection be carried as far out as those places or zones indicated by science for the development of the fisheries resources of the high seas irrespective of the distance separating them from the coast.

Basing its action upon these reasons, the government of the Republic recovers all the platform or continental shelf adjacent to its coastline and every and each natural resource, whether known or unknown, found therein, and is moving toward that vigilance, use, and control in the zones of fisheries protection necessary to the conservation of such a source of well being.

The above does not imply that the government of Mexico intends to fail to recognize legitimate rights of third parties on a basis of reciprocity or that the government of Mexico intends to affect legitimate rights of free navigation on the high seas since the only thing it seeks is the conservation of these resources for the national, the continental, and world well being.

The government is already issuing orders to the appropriate authorities so that the latter may take steps to formulate the projects of law which are necessary and to negotiate those treaties which may be required.

Manuel Avila Camacho
The President of the Republic.

Mexico, D.F.
October 29, 1945

Mr. REID: The action of both these countries, particularly that of the United States, is of such importance that Canada cannot very well ignore what has been done, and I intend to show, before concluding, that for the future peace of the world, as well as for Canada's own future economy, we should without delay accept President Truman's offer.

For a moment or two, let us first look at the Pacific halibut fishery. It is not generally known that more halibut is produced from off the Canadian and United States shores than in any other ocean or area of water in the world. Of the total world production of halibut, sixty-six per cent is produced by United States and Canadian fishermen in the Pacific right off our shores. Here is a fishery which, but for the regulatory measures taken by the United States and Canada, might today be largely non-existent. In the early years of halibut fishing, all fishing was done

comparatively close to shore. We had not at that time developed the diesel engine. Nevertheless, without regulation, this fishery, owing to over-fishing, commenced a rapid decline after the year 1911. In that year the catch of halibut reached a total of 56.9 million pounds. In 1930 this had gone down to 22.6 million pounds.

The Pacific halibut has always been exclusively a United States and Canadian activity. Employed in that industry in 1941 were 576 fishing boats, 173 of these being Canadian. The gross earnings of the Canadian fishermen in 1941 were well over $1 million, which makes this industry both for Americans and Canadians an extremely important means of livelihood for great numbers of citizens. Fifty per cent of all halibut caught are now taken in area 2 in the open waters off British Columbia shores. The halibut fishery banks are divided into three areas by the international halibut commission, one of these areas being in the gulf of Alaska and some seventy-five miles or more offshore.

Do not let us forget that, before the war, the United States had considerable trouble with the Japanese in regard to fishing in Alaskan waters, and so serious was it at one time that there was almost open warfare. Prior to the war, the Japanese had been for years in the habit of sending out large ships on extended investigational and fishing trips to various parts of the world. These ships are known as mother ships and able to go a long way from their home port, for a year at least, without the necessity of returning for supplies. Japan claimed she was merely testing the salinity and the temperature of the sea water in Alaskan waters but admitted, when pressed, they were fishing for crabs as well. Japan denied most emphatically she was catching salmon. When it was reported to Washington that the real purpose of Japan was to engage in salmon fishing, as well as at the same time mapping out the Alaska coast for military purposes, the authorities at Washington refused to believe such statements. The fishermen of Alaska, however, were able to procure the services of a plane which flew a number of times over these mother ships, and by taking actual photographs were able to show that the Japanese were deliberately lying, and were actually fishing for salmon and using nets between three to four miles in length. It was only when the American fishermen of Alaska, however, threatened to take direct action themselves, that Washington officially protested to the Japanese government, and so Japan had the mother ships withdrawn. Bear in mind that Japan was not then quite ready for war. It is a well known fact, however, that, had war on the Pacific not intervened, these mother ships from Japan would have increased fishing operations there. They would later have moved down the Alaskan and Canadian coasts, and by the use of their intensive fishing methods and three to four mile long nets destroyed not only the halibut banks, but the salmon and other fisheries off our coast as well. It is to prevent this kind of exploitation and destruction from taking place in the future that President Truman has issued the recent proclamation with the view of extending control over all these offshore fisheries in the Pacific and Atlantic, and inviting Canada or any other country to join with them in the matter of control and conservation.

For the future peace of the world, now is the proper time to join with the United States in designating these offshore areas as areas in which Canada and the United States have distinct claims and justifiable priority rights.

No country can dispute the fact that all varieties of salmon frequenting the continental shelf in offshore Canadian waters have been born and reared under protective and conservative measures in Canadian rivers and lakes. No country can dispute the fact also that the halibut and salmon banks would be largely non-existent were it not for the regulatory and conservation measures enforced by Canada and the United States under mutual agreement, and carried out under an international treaty between the two countries. Let us boldly face the fact that other nations, with no thought or consideration for conservation, may desire to invade these offshore north Pacific fisheries.

The total world production of fish and fishing products in 1940 was around 40,000 million pounds. Of this quantity Japan, prior to the war, produced twenty-two percent of the world's total fisheries production. The United States came second with eleven per cent, and the Soviet Union produced ten per cent, while Canada came tenth on the list with our share amounting to only 3·3 per cent.

Recent reports from Tokyo indicate a systematic campaign by the Japanese government and fisheries officials to break out of the fisheries areas assigned to Japan since their surrender, and with a view to Japan's gradually regaining something of their former dominant fishing empire.

Just what part the Soviet Union will take in the fishing areas of the Pacific formerly controlled by Japan is something which has not yet been made clear. In all likelihood, Russia will take back from Japan the fishing rights and areas around Kamchatka, which

fishing rights, as we know, were forced from Russia following the Russo-Japanese war of 1911.

Information has only recently come from Moscow that Russia has set up two distinct ministries of fisheries, one for the Black and Caspian seas areas, and the other for the northern Pacific. Before that country gets time to become wholly equipped for fishing or before Japan once again sails the seas of the world with her large mother ships, notification should be served on the world by Canada in conjunction with the United States of the justifiable rights and protective interests both countries have in these important fisheries off the British Columbia and Alaskan coasts. By doing so now, all countries will know in advance what our claims are and the reasons for our claims in these areas and will, I believe, be reluctant, in the face of these justifiably claimed rights, to invade the designated fishing areas. Action of this kind by Canada and the United States may be one practical way of keeping peace and preventing war. It will certainly be much more difficult in the future, if action of this kind is not taken, to remove fishing vessels belonging to other nations, if they invade these fisheries, and who might have no hesitation in sending vessels to fish in these areas, were no such protective regulations in existence.

Three countries, Russia, the United States and Canada, have an equal stake in the potentialities of the north Pacific fisheries, and a vital interest in how modern mechanized methods of fishing will affect the fishery of their respective territorial waters. All the salmon found in the north Pacific ocean propagate in the rivers flowing into the north Pacific from the hinterland of Russia, Alaska, British Columbia, Washington and Oregon.

Following an agreement being reached between Canada and the United States regarding regulatory and protective measures on the fishery off United States and Canadian territory, a further step could then be taken jointly by both governments looking toward the pooling of all the scientific information now available within all three countries, and with the further object of the establishment of an international commission, through which to assess all the facts upon which regulations should be based. The examples of the international halibut commission and the international Pacific salmon commission, both of which are under the joint control of the United States and Canada, places us in a position to make a valuable contribution to the greater objective, embracing the fisheries of the entire North Pacific.

Here is a further opportunity for Canada to show leadership in world affairs, by first joining with the United States along the lines contained in the recent proclamation and then later moving forward conjointly with the United States in friendly discussions with Russia, and invite that country to join with the United States and Canada in any protective measures deemed desirable for the development of the fisheries in north Pacific waters, in which all three countries have special interests.

It has been stated that one of the difficulties which might confront Canada, were we to accept the invitation outlined in President Truman's proclamation, has to do with the fisheries on the Atlantic. Whilst this may or may not be correct, it will be most unfortunate if we close our eyes to the situation, and nothing is done by Canada, owing perhaps to some seeming difficulties, which certain high officials at Ottawa think may arise, regarding any protective regulation of fisheries off the Canadian or Atlantic coast.

In the past, Canada has been far too reluctant to protect her own interests where other countries were involved. Two striking instances of the truth of this statement have occurred on the Pacific coast. By our negligence we lost all the rights on the Columbia river given to Canada under a treaty with the United States in 1845. So far as I can find out, no protest was ever made by Canada against the loss of these rights.

I have brought this matter before the house on two occasions, under Prime Minister Bennett and under the present Prime Minister. The only answer I could get was that I had introduced a matter of a delicate nature affecting another nation. But we had rights; we were given rights in 1845, under a treaty. I shall not take time to read the treaty, but as Canadians we had rights of sailing from the interior of British Columbia right to the Pacific coast. But we sat quietly by and allowed the Americans to close up the entire river by the construction of large dams.

Another case I have in mind, where Canada has been derelict in her duty to defend her rights, is that on the coastal waters known as Hecate strait between the mainland of British Columbia and Queen Charlotte islands. Here is a stretch of water, which is strictly Canadian waters and was so regarded by Canada up until at least the year 1907. However, for quite a number of years past United States fishing vessels have been fishing with impunity in these Canadian waters, and without objection or protest by Canada. Prior to 1907,

United States fishing vessels had attempted to fish in Hecate strait, but on every such occasion instructions were given by the Canadian government to the Canadian fisheries patrol service to chase them off and prevent what was then termed illegal fishing.

Back in 1905 the government of that day set up a commission to investigate all fishing matters on the Pacific coast. One of the particular matters investigated by the commission was that of Hecate strait, and a report of their recommendation was made in 1907.

While it is not my intention to quote the entire recommendations, I shall quote an excerpt from them, because I believe it is necessary that I do so at this time. I quote from page 29 of the Report and Recommendations of the British Columbia Fisheries Commission, 1905-1907, where it states:

> This strait has always been regarded as British Columbian waters, and no fishing operations by parties not British subjects were carried on there until about fifteen years ago. As soon as it was realized that the halibut banks between Queen Charlotte islands and the mainland coast were being marauded by foreign vessels, an order was issued by the Minister of Marine and Fisheries at the time, warning all fishing vessels, not flying the British flag, out of these waters. The wire conveying these instructions to the officer in command of the dominion cruiser *Quadra* is dated April 18, 1896.

I am going to read only one or two further excerpts from these recommendations. I would say, however, that they deal with the matter completely. The recommendation to the government was that these waters were strictly Canadian, and they said that no other fishing ships should be allowed to fish there. The report states further:

> The waters are territorial Canadian waters, from which United States and other foreign fishing vessels are legally excluded.

And again:

> In these waters occur the most valuable halibut and salmon resorts in the world, and no measures should be neglected to preserve them, and to prevent their threatened depletion by foreign poachers.

That was the last that was heard of the report. The Canadian government just shut their eyes or went to sleep in the matter, and appeared to be afraid, although right along, up to that time, they had been asserting that these waters were our waters. As I say, Canada has, since then, simply closed her eyes to the entire matter.

Action should certainly be taken by the Canadian government to clear up the matter as speedily as possible, making clear to the United States and to other nations that Hecate strait is, without any peradventure of doubt, Canadian waters and entirely under the jurisdiction and control of the Canadian government. I quite realize there may be difficulties now that Canada has entered into a treaty with the United States in regard to the regulation of halibut fishing in Hecate strait and in the gulf of Alaska. In view of this treaty, I am not suggesting that steps be taken now to chase the Americans off these waters. I am suggesting, however, that we should make it clear to the United States that, although we have entered into a treaty with them to preserve and control halibut fishing in the waters of the British Columbia and Alaskan coast, this does not give them any vested right of law, to fish with impunity in Hecate strait.

In Alaskan waters, the United States had no compunction back in 1924 in chasing a Canadian fishing boat in Clarence strait out of there, and later fining the owners for fishing illegally in those waters, even though the Canadian vessel was twenty miles off shore.

One way out of the difficulty with the United States in regard to Hecate strait would be for Canada to take the advantage offered us in President Truman's proclamation. In coming to an agreement with the United States to act conjointly in protecting the fisheries on the continental shelf off the United States and British Columbia coasts, we could come to some agreement with the United States regarding these waters. Such an agreement would strengthen Canada's position in the event of any attempted future exploitation by fishing vessels belonging to other foreign nations. In doing so, however, Canada should take a firm stand that the waters of Hecate strait are entirely and strictly Canadian waters. A further advantage in taking action of this kind now would be to deter, in the future, Japanese, Russian or citizens of any other country from fishing there. As the matter stands at present, there is nothing to hinder any country from sending vessels to fish there and in any protests or representations made by Canada against such exploitation, our position in the matter would be weakened owing to the fact that we have allowed the United States to fish there without protest and have not officially declared Hecate strait to be Canadian territory.

I urge the government that now is the opportune time for Canada to take action similar to that of the United States and the republic of Mexico. By so doing, it would indicate to the world that the governments of the three countries were in entire agreement on the matter, and that any exploitation by foreign fishing vessels on the continental shelf off the shores of the North American

continent would be an unfriendly act and an encroachment involving the governments of Mexico, the United States and Canada. It is my belief that an agreement of this kind between the three governments mentioned, especially an agreement with that of the United States, would have a deterrent effect on other countries and thereby help preserve peace.

Before closing, may I mention one further cogent argument in favour of Canada accepting the invitation announced in President Truman's proclamation. Canadian fishermen at the present time fish for tuna and pilchards right off the coasts of Washington and Oregon. They do so side by side with fishing vessels of the United States. When the provisions of President Truman's proclamation are put into effect, the restrictions as to fishing will undoubtedly cover the offshore waters of Washington and Oregon. If no treaty or agreement is entered into with the United States, what will the position of the Canadian fishermen be, especially when one considers that under the proclamation the chief purpose of the United States is to protect for her own nationals the fisheries adjacent to United States territory. President Truman's proclamation, if ignored by Canada, will undoubtedly have the effect of preventing, in the future, Canadian fishermen from fishing in areas preserved solely for United States nationals.

I repeat, no time should be lost by Canada in taking action similar to that of the United States and Mexico. A committee of competent officials and representatives of the entire industry should be set up immediately to explore and examine the entire situation. It cannot be too strongly pointed out that in this matter time is extremely important for us. The world just now is in a state of flux. Japan at the moment, whilst in a strait-jacket, will not always be kept there. Soviet Russia, although having set up a ministry of fisheries for the Pacific, will require time to gather a fishing fleet together and get fully organized. Russia's first move may undoubtedly be the taking over from the Japanese all the Kamchatka fishing rights, which she was forced to relinquish to Japan by the terms of the Portsmouth treaty in 1911.

As I say, now that the United States is taking action to protect her national interests and realizing what might and could occur in the future, there should be no further hesitation or delay on the part of Canada to do likewise. One particularly strong factor, in favour of our doing so, is that we would have the assurance of the backing and support of the United States in whatever conservation and protective measures may be deemed desirable and necessary to prevent the exploitation, if not destruction, of the valuable fisheries off our shores.

Finally, in urging the government to accept President Truman's offer and in suggesting that Canada join with the United States in measures to protect our offshore fisheries, I quite realize that this may involve some change of policy in external affairs. I say this because, since confederation, Canada has made no foreign commitments involving matters as important as this without first seeking the advice of British authorities. This policy is quite understandable when one considers that we have had to depend on Great Britain for protection should Canada be attacked or become involved in serious difficulties with other countries. We cannot escape the fact, however, that in so far as our offshore fisheries are concerned, our interests are more closely allied with those of the United States, rather than with those of Great Britain. It is my belief that any measures taken by the United States to protect that country's offshore fisheries from exploitation by other countries, such as an invasion, would certainly affect the interests of this country. Canada could not very well in that event remain neutral or silent on such an important issue, for the exploitation of these offshore fisheries would affect the economy of Canada equally with that of the United States.

My chief purpose in appealing to the government at this time is to draw their attention to the grave dangers facing Canada's salmon fisheries, and to urge that we take action now, and before it is too late.

Mr. McLURE: Mr. Chairman, you and this committee must have appreciated the wonderful ministerial address or outline of his stewardship which the minister gave us to-day, and also the direct plans he has laid out for the benefit of fisheries in Canada. He was followed by the hon. member for New Westminster who gave us one of his classics on the history of fisheries, not only in British Columbia but throughout Canada generally. During the session we have listened to debates on bacon, wheat, milk and so on; I hope we can now make the fish diet as appetizing.

Before we pass on to the estimates, I should like to make a few remarks which may not be quite along the lines of the remarks of the minister or of the hon. member who has just spoken. I desire to make my remarks relative to the fisheries of the maritimes, and to the fisheries of Prince Edward Island particularly. Last year it was my pleasure to congratulate the minister on his appointment to

the position he now holds. I hoped at that time that, being a maritimer, he would endeavour to give us some special benefits. After hearing what he said to-day, I am in duty bound to say that he has launched a policy which will be of benefit, not only to fisheries in general, but to those of the maritimes as well.

Last session I brought to the attention of the minister certain complaints which had been made by the fishermen in my riding. On their behalf I want to thank the minister for agreeing to their requests. They greatly appreciate his doing these things to which I will refer in a moment.

It is important to have a capable deputy in the Department of Fisheries. In the past the department has had capable deputies, one of whom I should like to mention, the late Doctor William Found. He was a Prince Edward Islander. The department was fortunate in securing as his successor another capable deputy, Doctor Finn. I regret that the department has since lost the services of Doctor Finn, at least for the time being. His ability has been recognized abroad, and I understand that almost 100 per cent more valuation has been placed upon his services, so that we could hardly hope to hold him. But if a man is as valuable as that to the fisheries of some other country I would think he would be just as valuable to the fisheries of Canada. We should not let dollars and cents take such a man away from us. I only hope that he will be available to assist at any time that he may be needed by the department.

The appointment of deputies is generally a political matter, but promotions should be in order. The minister has in his department men with excellent practical training, and I should like to mention a few of them. As director of fish culture he has J. A. Rodd; as director of western fisheries he has A. J. Whitmore; as assistant deputy minister he has D. H. Sutherland. I could go on and mention a number of others, all of them capable men. When a deputy is being appointed to assist the minister I hope that qualification for the position will be considered more than political affiliation. I feel that the man selected for this high position should be one with practical knowledge and experience gained from a contact with fisheries.

I am afraid that during the last five years of the war the controls which have been imposed have not always been for the benefit of the fishing industry. This was true in the case of the allocations made, and it was certainly true in the matter of price ceilings. For instance, the fish administration of the wartime prices and trade board made a distinct differentiation between the prices of canned chicken haddock and canned mackerel. Why? I do not know, because it should have been known to the department that there was no difference in the food value, nor was there much difference on the open market before the controls were instituted.

Another matter is the price ceiling which was set on canned shad, in which case the calculations were based on the cost of the raw materials. Then it was found out that, with the development of the industry, competition arose and the industry had to stop this particular variety because the price ceiling prohibited its production. In my opinion this matter should have been immediately investigated and the price ceiling adjusted, so that this fish could have been added to the already needed food supply; and it should have been investigated by the Department of Fisheries.

Another friendly criticism I have to make with reference to departmental affairs is that apparently they carry on those affairs without proper consultation with the industry itself. In case after case they have made regulations which in principle probably are right, but which in detail lack much. Usually it has happened, prior to the war and during the war, that these regulations—

Mr. BRIDGES: Would the hon. member tell me whether he is referring to regulations made by the wartime prices and trade board or by the department?

Mr. McLURE: The wartime prices and trade board. They have been dillydallying around, over and over, and they made the regulations law by order in council and sprung them on the industry without its foreknowledge but, almost invariably in the last years, after canning or processing was well under way. The point which must be emphasized is that if these new regulations are to be instituted they must be considered well in advance of the packing season, and proper notice given to the parties concerned so that plans can be made accordingly, and the man who should boss this proceeding is the Minister of Fisheries, not the wartime prices and trade board. The minister should have the final say, and I must add that this year he has had his say; the minister, when making some changes in regulations, did notify the fisheries and the fishermen throughout the maritime provinces and, probably, all over Canada.

Another little item I wish to speak on for a moment relates to the supervisors, similar to

the men envisaged in the plan which is being put forth at the present time. What the department needs are good practical men as supervisors, men who, besides seeing that all regulations are properly carried out, will promote and improve all matters pertaining to local fishing conditions. We realize that they are not able to make policy or regulations for the department, but we believe that in many cases they are in a position to recommend things which would be beneficial to the industry, if they are capable of seeing these improvements.

Another matter which I should like to draw to the attention of the minister may not affect the maritimes generally as much as it affects Prince Edward Island: I refer to fishing facilities of the nature of navigation aids, wharves, boat harbours and shelters. Much provision of this kind is needed in various places, but I believe that it should only be carried out after the minister has consulted the local committees or the fishermen direct. I know that, in the past, engineers of the Department of Public Works have gone to work and put up structures which have been a mere waste of money because they were entirely unsuited to local conditions. Therefore the Department of Fisheries and the Department of Public Works should always get together with the local people to figure out the best possible way to provide satisfactory structures. This might be a little embarrassing to the engineers, but they do not seem to understand where or how to place many of the things that need to be built for the fisheries.

I believe that at present the trend of post-war fish business will be toward frozen products, and with this in view some definite plan might be drawn up to provide proper cold storage facilities at the right places. With this goes the question of transportation. Prince Edward Island is particularly hindered in this respect. I need not elaborate on this because the minister knows of our difficulties. I should, however, like to mention one instance, this last year, where the fishermen were promoting a new industry in Prince Edward Island fishing, namely, the trimming, shooking and marketing of frozen scallops taken from our own waters. The frozen product was to be marketed in central Canada; the buyers had to hold their goods in anything but reliable storage, where they were in anxiety day and night lest the machinery might break down, until such time as a truck load could be assembled, and this in turn was routed via the Canadian National main line at Moncton, via the Wood Island-Cariboo ferry. We could not entertain for one minute the idea of crossing at Borden because of the tremendous freight and truck charges involved therein. Neither could the C.N.R. express give the fishermen any suitable express service from Charlottetown. Incidentally the fishermen were not always able to get proper facilities on the main line of the C.N.R., and they had to await the dispatch of iced fish cars from Halifax. These had no definite schedule, and we were only given a very few hours' notice that shipments could be dispatched in those cars. Our fishermen intend to improve this industry if possible these coming years, and they certainly must have better handling facilities in order to do this in competition with other areas producing the same kind of fish. This is only one instance, and many other problems will develop as we try to invade the frozen fish market.

I am going to take only a few minutes to bring to the attention of the department the rope supply situation. Probably this has been rectified, but in the spring of 1946 it gave the fishermen a great deal of concern, and I had many letters with regard to it. The shortage of supplies of fishing rope gave supply dealers and fishermen in lobster fishing many headaches last spring, and the condition continues even now and affects the fall season of 1946. I am not placing any blame for this condition upon the minister or his department, but I am firmly convinced that the minister should dictate to the wartime prices and trade board, or their cotton administration, or the director of twine and cordage, instead of these bureaucrats controlling the situation and dictating to him and his department. In the quotas for 1946—I want the minister to understand that I am now dealing with and criticizing the wartime prices and trade board—

Mr. BRIDGES: Thank you.

Mr. McLURE: —suppliers and distributors were not given any extra quotas to take care of the reestablishment of war veterans in lobster fishing. They had been led to believe that, while priorities were filled for veterans, that would not affect the regular quota for these suppliers or dealers. But the distributors who were desirous of assisting and cooperating with the veterans were placed in a precarious condition. I have on my file letters from large distributors who had considered the case of the veteran, so much so that many old-established civilian accounts did not get their requirements. I want to tell the minister and his department that they should make demand on the wartime prices and trade board for a

fairer allocation of rope to the veterans by an extra quota for them. All would have been well if the department had been dealing with this matter entirely themselves. As a matter of fact, some of these veterans who in the spring of 1946, had priorities filed were never taken care of, and some fishermen had to leave their gear on the shore and go to some other occupation. A set policy pertaining to the control and distribution of cordage for fishing purposes should be established in time, and I hope that the minister will not take any instructions from the wartime prices and trade board. He and his department are the ones who can give satisfaction to the fishermen and the dealers. I might say further that the bungles which were so far-reaching might have been investigated by the department, but I suppose it was a difficult thing to do. It would have been worth investigating just to find out whether the cordage companies are trying to erect a kind of tent over this whole business of rope, twine, et cetera. I believe that charity should begin at home, and, if we have rope and twine we should first supply our own fishermen, our own veterans who are going into the fishing business, and then, if we have any left over, we can ship it to foreign countries.

Mr. WINTERS: May I at first associate myself with the hon. member for New Westminster and the hon. member for Queen's in saying, on behalf of the Nova Scotia members, that we welcome the statement just brought down by the Minister of Fisheries. It shows a direct and healthy outlook toward the problems facing his department and those facing the fishing interests in Canada. Long-range planning of this type will do much for the fishing industry in years to come. I would also compliment most highly the hon. member for New Westminster on his splendid presentation of a problem that affects the west coast. I have never heard it presented so directly or clearly before, and we in the east have now a much better appreciation of what western fishermen are up against. I would say, too, that I enjoyed listening to the constructive speech of the hon. member for Queens, since it shows some of the problems facing the fishermen of Prince Edward Island.

I should now like to say something about the fishing problems of Nova Scotia. On the west coast there is definitely an international problem involving oriental nations. In Nova Scotia we have an international problem involving European nations. In the light of present-day world affairs, it is natural to be internationally minded, and I think Nova Scotians, by virtue of the fact that they have seafaring traditions, are probably more internationally minded than the average citizen. They are interested in such matters as the peace conference, UNRRA and the other international conferences that are taking place to-day. But of more immediate interest and direct concern to the fishermen, in the constituency of Queen's-Lunenburg in particular and Nova Scotia in general, is the international situation arising out of the destruction by trawlers of foreign registry of trawl gear set out by our fishing schooners on Quero bank off the coast of Nova Scotia. Quero bank is known officially on most maps and charts as Banquereau, and is located approximately 115 miles off Canso in a southeasterly direction and approximately 245 miles off Lunenburg.

The Department of Fisheries as well as the Department of External Affairs are fully familiar with the situation. It is acknowledged that it poses a difficult problem so far as prevention and redress are concerned because, in the absence of adequate proof of nationalities, the Canadian government is not in a position to approach the foreign government or governments concerned.

It has been known for several years that in some instances foreign trawlers have interfered with Nova Scotian fishing schooners and there have probably been rare cases when our own trawlers have been at fault. This destruction may or may not be intentional. Basic methods of fishing involved are widely different and isolated accidents are understandable. Nova Scotia schooners fish by setting out on the banks long lengths of line equipped with hooks attached at intervals. These lines thus equipped are called trawls. They are quite long and normally are set out in a radial pattern around the schooners. Trawlers, on the other hand, are much more like conventional steamships. They are larger, usually of steel construction, and their method of operating is to drag a net behind them and scoop up the fish, so that, although the gear of our schooners is well marked by buoys, it is understandable that a trawler could cut through it accidentally in isolated cases.

Our fishermen realize that accidents of this kind can happen and they would like to think that these recurrences are accidental. But one must be broad-minded indeed to accept this view in the face of repeated incidents in clear weather, in broad daylight and despite adequate warnings by the schooners. In fact, Quero bank was so congested recently with foreign trawlers, that our schooners oftentimes found it necessary to go around the bank in order to avoid collisions. The fre-

quency of these incidents has, of course, increased since the war, because the banks are now safe from enemy craft and foreign nations are turning more to peacetime pursuits.

In May of this year the interference by foreign trawlers was brought to the attention of the government, but at that time the evidence was meagre and the government could not establish the identity of the trawlers concerned. The Canadian Fishermen's Union, which entered the complaints, did not provide this information. Skippers were reasonably sure of the nationalities of the offending trawlers, but presumably they did not have sufficient evidence to satisfy themselves completely and, despite repeated attempts, the government was not able to establish these identities.

It is understood that the foreign trawlers have now returned temporarily to their home ports to discharge their cargoes and to refit; but until they did leave the banks, the situation was becoming considerably worse, and it is likely it will deteriorate further when they return. A number of fishing schooners experienced losses of gear in the early summer, and at the request of the Department of Fisheries their skippers prepared sworn statements for submission to the government. It was hoped that these most recent statements would specify the nationalities of the trawlers, but it is understood that they did not. They did set forth much valuable information and evidence of specific instances of destruction, but in no case did they identify the offending trawlers by nationalities.

Both the Halifax *Chronicle* and the Halifax *Herald* have been emphasizing the seriousness of the situation, and the *Financial Post* of August 3 treated the matter rather fully. This last mentioned paper designated the offending trawlers as being of Spanish, Portuguese and French registry, and in an editorial dated August 16 the *Herald* said the offenders were Spanish, but I am not aware on what evidence these statements were based. The *Financial Post* further stated that in one instance a Spanish trawler deliberately swept through the well-marked gear of the schooner *Irene Mary,* but I understand that in his sworn statement the skipper of this schooner designated the offender only as a "foreign" trawler. The captain of this schooner is a neighbour of mine. As is the case with most fishing skippers, he is not given to exaggeration and, in fact, will tolerate a great deal before entering complaints. Under the circumstances, one can assume that the situation is intolerable. However, it is regretted that, although the nationalities of the offending trawlers appear to be common knowledge locally, and some newspapers are sufficiently sure of themselves to designate nationalities in print, the Department of Fisheries is having difficulty in obtaining this information in sworn statements from authoritative sources.

The department is, of course, aware that there are Spanish, Portuguese, and French trawlers on the banks, but no evidence has been presented which will permit it to associate a particular trawler with a specific act of destruction. The most recent affidavits submitted on August 20 and 22 are much more complete than any submitted prior to that time; but, although they again state in three instances that the trawlers were thought to be Spanish, none of them is specific as to country of registry, and the captain of the schooner *Irene Mary,* Capt. Leo Corkum, says that he cannot identify the nationality of the trawler that damaged his gear. I understand also that on June 3 an R.C.A.F. plane made a reconnaissance flight over Quero and found that, of twelve foreign trawlers on the bank that day, eight were of Spanish nationality. This situation has developed to the point where the existence of our fishing industry may very well be at stake. It is understood that foreign nations are building trawlers in large quantities. For example, it is reported that France is having thirty trawlers constructed in the United States at the present time, and that these trawlers are larger in size than those used by either Canada or the United States. Portugal is assuming an ambitious trawler programme. There is no doubt that these trawlers will fish on the banks which have always been ours by tradition, and it is greatly feared that these fishing grounds will suffer early depletion, just as the European banks have been depleted. Some international understanding is necessary, but pending a satisfactory understanding our fishermen must have adequate protection.

The nature of the protection presents a real difficulty. It is conceivable that this government can declare its rights to control the coastal waters extending to the edge of the continental shelf, just as the United States has done. In fact such a policy would appear highly desirable. The hon. member for New Westminster covered that situation exceptionally well in his treatment of fishing conditions on the west coast. I may say that we support his views entirely; we feel that there is a great deal of merit in his proposal, and I would recommend that the government consider it seriously. I do not deny that there are problems involved, nevertheless it is one approach

to the problem which must be considered. Quero bank and other fishing grounds which we have long regarded as our own are well within the limits of the continental shelf. But having declared jurisdiction, it would still be necessary for us to provide adequate control measures to protect our rights, unless there were a workable agreement between the nations desirous of using the banks. The last thing in the world we want is unfriendly relations on these banks. Our fishermen do not want to fish surrounded by protective craft in the numbers that would be required if the foreign trawlers chose to ignore our proclaimed rights. Let us hope that enforcement measures of this kind will never be necessary.

In my opinion, therefore, it is of the utmost importance that this government take whatever action is necessary to satisfy itself of the identity of the offending trawlers, and that it come to understandings with their governments at the earliest possible date so that the rights of our fishermen may receive the consideration to which they are entitled. I was pleased to hear the minister say, in his statement on August 14 as reported in *Hansard* at page 4816, that the matter is being given further detailed investigation not only by his department but by the Royal Canadian Mounted Police.

Quite apart from the problem of patrolling the fishing grounds under these extraordinary conditions, it is important that adequate patrols be provided even if fishing conditions are normal.

There are no patrol craft in operation on the banks at the present time. The minister provided this information on August 21 in reply to a question I placed on the order paper. Prior to the war, two patrol craft, *Arras* and *Arleaux,* did good work, but they were used for war purposes and are no longer available. The department has acquired another ship, the C.G.S. *Cygnus.* It is understood that this craft, which was formerly the *Melville*—a minesweeper of the Bangor type—will be ready for operation within the next week or two. It is a sizable craft, approximately 162 feet long and with a speed of seventeen knots. It is understood that she will carry a crew of twenty-seven. Her function will be primarily to provide protection and general services for our fishermen on the offshore banks. It would appear that consideration should be given to obtaining additional such craft to perform general coast guard duties.

It is the opinion of local fishermen that the services of boats such as C.G.S. *Cygnus* should be supplemented by craft which could travel at high speed and would be available for inshore work. It would seem to me that motor torpedo boats would lend themselves ideally for this purpose with a minimum of modification.

The R.C.A.F., the Royal Canadian Mounted Police, Department of Transport and Department of Fisheries all have need for some rescue service, patrol service or other type of service along the coast. It is known that lawbreakers use speedy craft and, in order to cope with them, the departments concerned must also use fast boats. I would suggest, therefore, that the four departments I have just mentioned consolidate their efforts in this field and purchase several high speed craft of the motor torpedo boat or similar type. The combination of the *Cygnus* type craft and these smaller craft would provide more adequate offshore and inshore coverage.

The inland waterways in my constituency are presenting a problem of increasing magnitude. In the first place, there seems to be some uncertainty as to the present and future division of responsibility between the federal government and the provincial government of Nova Scotia in this field. It seems to me that the first problem is to establish these responsibilities clearly and beyond any doubt. This clarification would remove uncertainty from the minds of many departmental employees and thus result in greater over-all efficiency. It would result, too, in a programme which, by virtue of being clearly defined, would be more energetically executed.

There are in my constituency several first-class salmon and trout rivers. They present a major attraction for tourists as well as provide food and revenue for local residents. The condition of these rivers has been allowed to deteriorate to the point where they are losing their attraction for tourists and, if corrective steps are not taken in the very near future, this country will lose a valuable source of revenue.

When one sees the benefits accruing from improvements made to streams and rivers on the west coast, it becomes apparent that we must insist on prompt action to protect these resources in Nova Scotia. The minister knows that I speak particularly of the Mersey and Medway rivers in Queens county and LaHave river in Lunenburg county. But there are others of which the same can be said. The Department of Fisheries is fully familiar with the circumstances and knows the problems involved. I feel that the department is giving the problems full consideration, but I would urge that action be taken. If, as I intimated before, corrective action is impeded in any way because of uncertainty as to responsibilities between the

dominion and the province, then I would say that it is most important that this vital matter be clarified without delay.

At this point, may I say that the Minister of Fisheries has at all times shown himself to be most anxious to cooperate. He has always taken a realistic and practical view of any problems I have placed before him, and in no case has he dismissed a reasonable request simply by saying that it was not the policy of his department to do "things of that nature."

Mr. BLACKMORE: Would the hon. member permit a question? Is it his opinion that the provincial government has failed to cooperate with the minister in taking the measures necessary?

Mr. WINTERS: I did not say that. I do not care to give a detailed opinion. In brief, I would say, no; I did not mean that at all. I do not know of any case in which the provincial government has not cooperated; but, as hon. members know, where there is any uncertainty as to who is responsible there is always inefficiency.

Mr. BLACKMORE: Does the hon. member mean—

The ACTING CHAIRMAN (Mr. Golding): The hon. member must not interrupt the speaker without his consent.

Mr. BLACKMORE: I asked for consent.

Mr. WINTERS: What was the question?

Mr. BLACKMORE: I wondered whether the hon. member would tell the committee what were the corrective measures necessary. I am very much interested in his speech, and I am just seeking information as a westerner who does not know anything about the problems.

Mr. WINTERS: I should like to proceed, and, if time permits, I shall be glad to answer the question afterwards. Is that satisfactory?

I was speaking about the minister. At this particular point I was saying that the minister has shown himself to be willing to try new approaches to problems, and we have every confidence that, so long as he holds the portfolio, our fishing problems will receive every consideration.

Wherever there are shore fishermen, there is also the problem of dredging. Dredging, as such, is a matter for the Department of Public Works, but I mention it here because it is so integrally associated with the lot of inshore fishermen. These men leave their homes around two, three or four o'clock in the early morning; go offshore eight or ten miles to fish, and come back the same afternoon with their catch. Many times they return with a boatload of fish at low tide and, because of shallow water, they are forced to lie outside the harbour waiting for the tide to rise. Hon. members can well imagine that this is a precarious and uncomfortable situation in rough weather. There are one or two particularly bad places in my constituency where harbours have become filled up with sand or mud. The Minister of Public Works is fully familiar with them and is sympathetic to the predicament of the fishermen. The trouble is that dredging equipment is limited and, where a heavy programme is on the books, all projects cannot be carried out at the same time. The various jobs must, therefore, be listed in order of urgency. I can assure the committee, however, that when fishermen are lying offshore in a storm with a boatload of fish waiting for the tide to rise so that they can enter the harbour, it is not easy to persuade them that their need for dredging is less urgent than that of some other locality. I would, therefore, impress upon the Minister of Public Works through the Minister of Fisheries that any steps he can take to increase his dredging capacity will be well directed in the interests of the fishermen and the economy of this country.

Before concluding, I would say a few words about the Fisheries Research Board of Canada. As is the case with any organization, the board has its opponents and supporters. Scientific or research bodies seem more likely to be the object of misunderstanding and resulting criticism than almost any other type of agency.

The popular impression of scientists and researchers is that they are long-bearded—mentally if not physically—and that not only do they not have their feet on the ground, but their heads are in the clouds.

This thinking is often applied to a lesser extent to engineers. I recall that, in discussing the research council, an hon. member was concerned about the administrative ability of engineers and asked the minister if a practical businessman would be placed in the capacity of administrator over and above the engineers.

These are misconceptions. There are, of course, dreamers and theorizers in science and engineering just as there are in every other field of endeavour. It cannot be said that all who are not scientists or engineers are necessarily good administrators, and by the same token it must not be assumed that all scientists and engineers are poor administrators.

Research is normally a slow process. It usually requires long-range planning and a long period of work before results are achieved. It is not the sort of field in which one can approach a researcher and say, "Well, what did you discover to-day?" and expect to get a satisfying answer.

The fisheries research board has produced results since it was formed in 1937, and some of them have been outstanding. It is often criticized for what it has not done; that it has not given full help to industry; that it does not have a practical approach to problems and so on, but in all fairness one should give the board due credit for its achievements.

The annual reports set forth clearly the programme and achievements, and I would imagine that all hon. members are familiar with them. But, in particular it is desired to remind the committee of the work of the board in rehabilitating oyster culture in the maritimes; protecting the lobster industry by laying down policies based on long and arduous statistical studies; and the rehabilitation of shad fishing in the headwaters of the bay of Fundy with resultant increase in catch. It has also found the answer to the toxic condition in clams at certain times of the year in the bay of Fundy and has made the public aware when these clams are safely edible. The Nova Scotia department of health on the 17th August issued an official warning to the public, based on the findings of the research board. Fishermen on the east coast are optimistic that the herring investigation will result in herring being available on a year-round basis, rather than on the seasonal and uncertain basis as at present.

The programme laid down for the west coast will undoubtedly result in benefits in a variety of fields. The Skeena salmon investigation alone is an undertaking of great magnitude and great promise. Judging from the reports, I would imagine that whitefish fishermen on the prairies realize the value this board has been to them. The board has made many other contributions and advances which are clearly set forth in its reports, and it would not seem necessary for me to mention them at this time. But judging by the number of requests the board receives from the fishing industry for assistance in various projects, I would gather that its value to this industry is fully appreciated.

I have no particular reason or desire to defend the fisheries board. As far as I am concerned, it must be capable of standing or falling on its own merits. The board consists of a good cross-section of representatives from industry, government and science. Its terms of reference, as set forth in the Fisheries Research Board Act, appear to me to be sound, and the principle of having an organization established to do research in the fishing industry is sound.

That there is need for such a board is well indicated by the fact that it has already done much valuable work that would otherwise not have been undertaken either by private industry or any other agency.

In conclusion, I would say that we are keenly interested in the development of foreign markets for fish. The termination of the war has resulted in a decreased demand for our fish abroad and has increased the number of nations competing in the struggle for markets.

Recent action by UNRRA in suggesting that this organization be relieved of some of its obligations to accept large quantities of Canadian fish is an indication of the trend in the European market. New markets must be sought and old ones developed. I would, therefore, strongly urge that the Department of Trade and Commerce, through the Canadian Commercial Corporation and its other facilities, leave no stone unturned in its endeavour to develop foreign demands for our fish.

Mr. BARRETT: I shall take only a moment or two to say a few words about fresh-water fishermen and particularly the Ontario federation of commercial fishermen. This is a newly formed organization which consists of an amalgamation of regional fishermen's associations along the Canadian side of the great lakes and the lake of the Woods. One of its chief purposes is to make scientific and thorough investigations into the habits of useful species of fish in the great lakes, their feeding and spawning habits, with a view to conserving useful species and controlling predatory and useless fish.

I bring this matter up now because the federation feels that the federal department can be of great assistance, owing to the fact that the waters of the great lakes are international waters. I am particularly interested in the federation because one of its laboratories is situated at Port Dover, in my constituency. Port Dover is the home port of what is reputed to be the largest and best equipped fresh-water fishing fleet in the world.

Mr. REID: Is that a provincial or federal organization?

Mr. BARRETT: It is all in Ontario, and many of the regulations are provincial. However lake Erie in particular is concerned on account of the international feature, because on that lake there are bordering no less than four states of the United States.

My main purpose in rising is to express the appreciation of the federation for the cooperation of and the assistance given by the minister and his department. I know the federation is well pleased with the help it has been given, and I am sure that help will continue.

Mr. ARCHIBALD: I should like to make only a few remarks at this time about the one department concerning which I have no criticism. I would show my appreciation to the minister for the appointment of Mr. Whitmore, because I believe he will have the confidence of the rank and file of fishermen on the coast.

I would also thank the hon. member for New Westminster for his address this afternoon, in which he dealt with both the national and international aspects of the matter. As it applied to fisheries on the Pacific coast I would say the hon. member's speech was a masterpiece, and I know that in years to come it will be used as a reference.

I would point out, however, that, taken as a whole, our fishing fleet on the coast is not as modern as that of the United States, nor is it as well equipped to compete in fishing operations. I would suggest to the minister that some organization be set up by the department under which loans could be given to fishermen in respect of their floating equipment, on a basis which would compare with loans to industry inland. In this way the fishermen could have modern equipment and be better fitted to compete with other countries.

I would associate myself with what the hon. member for New Westminster said respecting Hecate strait. That is a problem facing the halibut fishermen especially, and I have a keen interest in it because the strait is in my riding.

There is one other small matter which, though small, is important. When I was home last, it was brought to my attention that fishermen, when out on the grounds, operating in their cramped quarters for hours, must depend upon refreshments in the nature of a cup of tea and a piece of bread and butter. The feeling is that the butter ration is not adequate. I do not know whether the ration has been increased since last winter, but they ask that a more adequate supply be allowed, because they depend upon it for quick energy.

Mr. STUART (Charlotte): At the outset, may I say I support the views expressed to-day by the hon. member for New Westminster. I heartily endorse everything he has said. I am sorry to say the remarks I am about to make will, I realize, be critical to some extent. I can assure this committee that what I say will, I feel, be expressing the opinion of ninety per cent or more of the fishermen on the Atlantic coast. I know my remarks may not meet with the approval of the Department of Fisheries; but I am sincere when I state no other industry in Canada has a better outlook for the future, if given proper direction and guidance, than the fishing industry of this great country. I regret I have not had an opportunity of visiting my friends in British Columbia to view at first hand their fishing interests, so that naturally my remarks will be confined to the fisheries of New Brunswick and the other maritime provinces, with which I am more familiar.

This industry has gone a long way in the past twenty years toward producing a better commodity and the chief aim on the Atlantic coast over a great period of years has been to give the fishermen better equipment to work with, better boats in which to work, whereby there is less exposure and much more comfortable accommodation. The great improvement in this respect is readily seen if one visits the fishing villages to-day. Unquestionably this improvement is responsible for a much greater investment by the fishermen, because modern equipment is to-day costly, particularly boats which are costing several thousand dollars. Twenty years ago a boat used for the same purpose would cost a few hundred dollars. The size of the modern boat is much larger and, as I previously stated, in most cases it has all modern conveniences, making the life of a fisherman less hazardous and more desirable. This improved equipment makes it possible for fishermen to go farther afield to carry on their fishing activities; distances that a few years ago would have been prohibitive with the inferior boats, engines and gear that were at their disposal at that time.

Since I did not speak during the budget debate, I should like to take this opportunity of congratulating the Minister of Finance on amending the Income War Tax Act to permit fishermen and farmers to average their incomes for a period of three years moving average. In 1948 all farmers and fishermen who have made returns for 1946 and 1947 will be entitled to average their incomes for the three years and pay their tax on their average earnings at the end of 1948. Since the incomes of these primary producers fluctuate to so great an extent, this amendment will rectify an injustice that has been imposed on these people for several years, and I can assure the Minister of Finance that the proposed change will be greatly appreciated by the people of Charlotte county.

Another matter I wish to deal with is the matter of floor prices. As I have stated before, this is the major problem confronting fishermen to-day. True, they have enjoyed, during the past few years a period of prosperity, which was long overdue. This was greatly appreciated, but the future must be faced, and without some security as to floor prices there is little enthusiasm.

To let the committee have some idea as to how prices paid fishermen fluctuate, I wish to give one illustration. During the months of January, February, March and April of this year, herring scales which are produced by sardine fishermen were sold to the processors in the state of Maine for prices ranging from sixty cents a pound to as high as three dollars a pound. Very recently the several buyers got together, and during the past few weeks the price has been ten cents a pound. Hon. members can readily understand the uncertainty with respect to prices paid these fishermen and the absolute necessity of legislation to rectify this unbearable situation. As has been explained to the committee previously, fishermen are producers of a perishable article that cannot be held indefinitely awaiting better marketing conditions, but on the contrary, it must be disposed of immediately or it will be a total loss. Therefore the fisherman is always at the mercy of the manufacturer.

At the same time, the manufacturer would be utterly helpless without the primary producer, because his great investment in buildings and machinery would be of little value if the fishermen, through adverse conditions, are compelled to leave this industry and seek some other form of employment in which they feel more secure and in which they would receive better protection. I am convinced that these men do not wish to have floor prices established that would be unreasonable or that would in any way inflict hardship upon buyers and manufacturers of their products, since we all realize these manufacturers must compete with similar manufacturers in other parts of the world. Canada is an exporting nation and, in respect of fish, seventy-five per cent or more must be sold in other parts of the world. The greater portion exported would go to the United States which is the market the maritime provinces have enjoyed over a great period of years.

In December, 1945, I brought this matter to the attention of this department, pointing out the deplorable situation the fishing industry would inevitably find itself drifting into unless it was safeguarded and protected by floor prices. At that time I suggested an international agreement as the solution, owing to our dependence upon United States markets for our products. Since that time, no action has been taken regarding this matter, and there are already signs of declining prices, as was explained in the great decrease in the prices paid for herring scales. It also shows how little control fishermen have of their own business and how rapidly prices can fall without some sort of protection. This matter is of vital importance to all our fishermen to-day and steps should be taken immediately, because it would perhaps be more opportune at the present time than to wait until prices begin to fall. It would be utterly impossible for these fishermen to carry on at the present time with prices that prevailed during the depression period, on account of the fact that prices which they are obliged to pay to-day for materials and equipment necessary to carry on their work, have greatly increased, and any major decline in prices paid to producers would be disastrous to the fishing industry.

I trust the department is fully aware of the situation and of the necessity of stabilized prices to all primary producers. The migration of our young men from the maritime provinces to the New England states was brought about by this very condition, because prices paid to primary producers other than during war years have been out of all proportion to prices paid by the consumer. In other words, prices paid by the consumer to retailers did not compare in any way with prices paid to the fishermen. The price spread has always been too great.

If the fisheries department are desirous of assisting this great industry, in no way could their effort be better exemplified or in no way could they please the fishermen of this dominion to a greater degree than by guaranteeing stabilized prices. If a poll could be taken within this industry and the question asked as to what the fisheries department could do that would benefit the greatest number of fishermen, the answer from ninety per cent of the fishermen would be, by establishing floor prices.

Regardless of this fact, nothing has been done in connection with this important matter. It has been brought to the attention of the department on different occasions, but apparently the feeling is that their effort can be put to better advantage, so that they have governed themselves accordingly.

I am of the same opinion to-day as last December and still feel confident that an international agreement can be worked out that would meet with the approval of the canners and fishermen on both sides of the

border, and, as long as I am the member for Charlotte county, I will press the fisheries department for some action.

In 1942 a price ceiling was placed on sardines in the fresh state. This was done by the canners in New Brunswick and the state of Maine. The ceiling price was not unreasonable to either the producer or the canner. It has been strictly adhered to by both parties and, to my knowledge, no breach has been made, although during that period since the ceiling price was set we have had times of scarcity and times of plentiful supply. However, regardless of supply, the price has never been broken and has worked out advantageously and beneficially to both parties. During the first great war, in 1918 a ceiling and floor price were placed on sardines with exactly the same effect, although in the previous year, 1917, the price had fluctuated from $10 to $95.

If this regulation of prices is necessary in war time to protect the consumer, why should the same consideration and protection not be given the primary producer at all times to accord him adequate security and encouragement, to enable him to establish his business on a more sound basis in order that he might look to the future with a more optimistic viewpoint?

During the past few years, while conditions were more encouraging in the fishing industry, the fishermen have made large investments, particularly the younger men who, in order to establish themselves in the sardine industry, were obliged to build sardine weirs in deep water and locations which necessitated large expenditures, because the privileges that could be maintained at a more reasonable cost had been secured over a great period of years by the older fishermen and are handed down from one generation to another.

If the price of sardines should fall to pre-war levels the fishermen would be obliged to abandon a great proportion of these expensive structures and seek some other form of employment and, if past history repeats itself, you will again see the youth of the maritime provinces migrating to the New England states, not through choice perhaps, but by force of circumstances beyond their control. In fact many investments during this period of prosperity in expensive boats, nets and equipment cannot be maintained or replaced when necessary if prices paid to producers during that same time are reduced to such an extent that, after expenses are paid, the producer cannot make a profit.

I realize that no programme is fruitful if it is merely opposed to something. Successful programmes are those which are constructive and creative. What we need at this critical juncture is an affirmative demonstration that we have the qualities needed for survival. We must be resourceful and persistent in seeking ways to meet any emergency that may appear, and be in position to surmount any obstacle that might obstruct our path to higher standards of living. Retaliatory barriers would serve to increase distrust and express lack of cooperation. This would prove fatal, because the only solution to our problem is to have voluntary cooperation, both nationally and internationally. That security depends primarily upon ourselves, since we have the support of practically every primary producer in Canada and have also the authority to administer the cure through the cooperation of the primary producers and government officials in Canada and the United States. The old adage that "an ounce of prevention is worth a pound of cure" could be applied in this circumstance, because it would appear to be a much more simple matter to have the necessary adjustments made at the present time than to postpone taking any action until such time as prices have started to decline.

These primary producers have no C.I.O. or A.F. of L. to look to for protection and would not wish to exert their authority if such an organization did exist, as long as agreements can be reached through friendly cooperative and intelligent discussion.

I have been given to understand that it would be an enormous task to have adjustments made whereby this protection would include all primary products. During the war the necessary machinery was assembled and put into effect to enforce price control. We all agree, I believe, that a very fine job was done in this country under capable management.

Item stands.

Progress reported.

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

Thursday, August 29, 1946

The house met at eleven o'clock.

SUPPLEMENTARY ESTIMATES, 1946-47

A message from His Excellency the Governor General transmitting further supplementary estimates for the financial year ending March 31, 1947, was presented by Hon. Douglas Abbott (Acting Minister of Finance) and read by Mr. Speaker to the house.

Mr. ABBOTT moved that the estimates be referred to the committee of supply.

Mr. BRACKEN: May I ask the acting minister whether this is meant to take the place of the item in the bill now before the house respecting the Canadian Broadcasting Corporation?

Mr. ABBOTT: Yes. I understand it is the intention not to proceed with that bill this year, and therefore a further supplementary estimate is introduced to provide for a loan to the Canadian Broadcasting Corporation, which I believe was provided in one of the sections of the bill.

Mr. BRACKEN: I want to commend the government for at least the decision to withdraw the bill now before the house.

Mr. ABBOTT: It is not withdrawn. I said it would not be proceeded with this session.

Mr. GRAYDON: A pretty bad bill anyway.

PRIVILEGE

MR. POULIOT—FRENCH TRANSLATION OF SPEECH ON AUGUST 19—REPORT IN "GLOBE AND MAIL", AUGUST 29

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): I rise to a double question of privilege. In the first place the translation of the speeches made in this house should be accurate. At page 5042 I am reported as using the word "tom cat", which has been translated as "chat sauvage", which in English is wild cat. I did not use the expression wild tom cat; I purposely used the expression tom cat. With regard to the expression wild cat, I reserve it for somebody else. Kenneth C. Cragg, a member of the press gallery, is the reporter of the *Globe and Mail,* and in the *Globe and Mail* of to-day—this is another question of privilege—under his name appears the following sentence:

But is it recalled that Mr. Pouliot only last week in different rooms, corridors and places about the parliament buildings, advanced the name of Speaker Gaspard Fauteux as successor to Quebec Liberal leader Adelard Godbout.

Sir, I am not a gossiper, but I thought it was a great tribute to you to mention your name in that regard. That being said, all that the correspondent of the *Globe and Mail* has invented is a tissue of lies.

QUESTIONS

(Questions answered orally are indicated by an asterisk)

STAFF HOUSES—PICTOU COUNTY, N.S.

Mr. BLACK (Cumberland):

1. How many staff houses were built at New Glasgow, or in Pictou county, Nova Scotia?

[Mr. Abbott.]

2. What was the cost of (a) land; (b) each building; (c) equipment; (d) maintenance to date?

3. Who were the contractors?

4. Have any of the buildings been sold or leased or offered for sale or lease, and if so, to whom, stating prices?

Mr. McILRAITH:

1. New Glasgow, N.S.—3 staff houses; 1 commissary. Pictou, N.S.—5 staff houses; 1 commissary.

2. New Glasgow: (a) $1,946.71. (b) Each staff house $33,888.91; total $101,666.73. Commissary, $40,307.55. (c) $23,608.57. (d) $5,216 (from opening January 1943 to November 30, 1945). Pictou: (a) $3,312.77. (b) Each staff house $38,898.40; total $194,422. Commissary, $39,600; (c) $34,208.16. (d) $9,461.81 (from opening June 1942 to October 24, 1945).

3. Eastern Woodworkers, New Glasgow, N.S.

4. New Glasgow: The 3 staff houses, the commissary and the land were sold to Meyer Astroff of Topper Industries Limited, New Glasgow, for $21,350. Pictou: The 5 staff houses, the commissary and the land were sold to the dominion government, Department of Labour, for use in their vocational training programme for $26,726.97.

EVAPORATED MILK

Mr. KNIGHT:

1. What are the wholesale agencies in Saskatoon city through which canned milk is distributed?

2. How much such canned milk is distributed by each?

3. Have any of these agencies applied for extra quotas, and if so, what are they?

4. What new agencies have applied for quantities of evaporated milk?

5. What action has been taken by the wartime prices and trade board in regard to such applications for (a) an increase in the supply; (b) a new supply?

Mr. MAYHEW:

1. Campbell, Wilson & Millar, Central Wholesale Grocery, Godville Co. Ltd., T. Eaton Co. Ltd., Hudson's Bay Co., Macdonalds' Consolidated, Western Grocers Ltd.

2. In accordance with government policy, as stated from time to time in the House of Commons by the Minister of Finance, it is not considered to be in the public interest to give details of operations of individual companies.

3. Yes—all agencies.

4. Saskatchewan Federated Cooperative.

5. Because supplies in Canada are substantially below last year's level and required for winter needs, no action has been possible, (a) to increase supply; (b) to provide new supply.

CANADIAN ARMED FORCES—FINGERPRINTS

Mr. KNOWLES:

1. Has any action been taken to destroy the fingerprints of service personnel taken by the armed services during the war, particularly in the case of personnel since discharged?

2. If not, is such action contemplated, or what is to be done with the said fingerprints?

Mr. LAPOINTE:

1. No.

2. No such action is contemplated. The finger prints of service personnel taken by the armed services during the war form part of their service record and as such are retained as part of their documents.

WHEAT

MEETING OF PREPARATORY COMMITTEE OF INTERNATIONAL WHEAT COUNCIL

On the orders of the day:

Hon. J. A. MacKINNON (Minister of Trade and Commerce): Yesterday the leader of the opposition asked me a series of questions regarding the international wheat council meeting in Washington. I propose to read the questions and give the answers.

The first question is: "What is the object of the meeting?" The answer is: In 1941-42 the Argentine, Australia, Canada, the United Kingdom and the United States of America initialled a memorandum of agreement which contained a draft convention dealing with production control, control of quotas, stocks, and price controls of wheat. The agreement provided for an international wheat conference to be held, but recognized the impracticability of this during war time. The present meeting is assembled to revise the draft convention into an appropriate proposal for an international wheat agreement to be submitted subsequently to an international wheat conference.

The second question is: "How many nations are represented on the preparatory committee?" The following nations are represented on the preparatory committee: Australia, Argentina, Brazil, Canada, China, Denmark, France, Belgium, India, Italy, Netherlands, United Kingdom and the United States of America.

The third question is: "Who is Canada's representative at this meeting, if any?" Canada's representative is Doctor C. F. Wilson, director, wheat and grain division, Department of Trade and Commerce.

The last question is: "Has the U.S.S.R. been invited to attend?" The U.S.S.R. was invited but they replied that it was not possible to consider attendance at this time.

Mr. BRACKEN: May I ask a supplementary question? The minister has intimated that this meeting is preparatory to deciding on an international agreement. Does that mean that the government has committed itself to the idea of an international wheat agreement? If so, what will be the effect of such an agreement on the United Kingdom wheat agreement?

Mr. MacKINNON: The government has not committed itself at all. The conversations are merely exploratory; and after they proceed a certain distance, if they do, the matter of government policy will have to be decided. If an international wheat agreement is arrived at, it will supersede the contract recently executed between the United Kingdom and Canada.

Mr. BRACKEN: In that event the last two years of the United Kingdom wheat agreement would not be in effect?

Mr. MacKINNON: No.

[*Later:*]

Mr. COLDWELL: I should like to ask a supplementary question in connection with what was said by the Minister of Trade and Commerce this morning. Would the world wheat agreement necessarily supersede the British-Canadian agreement, or would there not have to be other negotiations in order to set it aside?

Mr. MacKINNON: Since answering the last question of the leader of the opposition (Mr. Bracken) I have received a teletype message from Washington, and from the information contained in it—it is a confidential message—if the international wheat agreement were arrived at on the basis under discussion it would likely mean greater returns for all the years covered by the contract between Great Britain and Canada.

[*Later:*]

Mr. BRACKEN: I would like to ask a further supplementary question of the Minister of Trade and Commerce. I asked, if an international wheat agreement were entered into at an early date, would it supersede the United Kingdom wheat agreement. The minister said it would. Later the minister said that if an inernational wheat agreement were made on the basis now contemplated it would mean a larger return to producers. With all respect, I suggest that the Minister of Trade and Commerce ought to let the house and the public know something of what is now proposed, because of the criticisms that have been levelled at the United Kingdom agreement.

Mr. MacKINNON: I am not in a position to give any information to the house on the discussions now under way, but just as soon as there is anything which should be reported to the house I shall be very glad to bring it forward.

FUEL

AVAILABILITY OF SUPPLIES FOR COMING WINTER

On the orders of the day:

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): At the last sitting I promised the hon. member for Davenport (Mr. MacNicol) to make a statement this morning on coal. The statement which I shall make refers only to domestic coal for Ontario and Quebec, which are the areas in which there is a serious deficiency of coal. The Ontario and Quebec area consumes around 6,000,000 tons of anthracite, coke, low volatile bituminous and other high grade fuels suitable for burning in the domestic heating equipment in use in this area. Supplies of anthracite this coal year to date are running somewhat ahead of the previous year. However, the supply situation for coke is in a serious position, and there is very little low volatile bituminous coal coming in from the United States.

Latest statistics show that due to the falling off of imports brought about by the lack of reclaimed and other small-sized coke as used last season, our imports of coal from the United States for domestic purposes will show a drop of some 700,000 tons. In addition, because of the strike in the United States bituminous fields, the low volatile bituminous coal will also be down by some 150,000 tons, a total loss of imported domestic fuel of 850,000 tons. As against this, our imports of anthracite are up by 300,000 tons as at August 13, but this will probably fall off. It is estimated at present that the deficiency in imported domestic fuels as defined above will be about 600,000 tons. In addition, the effects of the United States bituminous strike, the seamen's strike and the present steel strike, will reduce our Canadian coke supply. The present deficiency from this source is about 150,000 tons, making a total deficiency of 750,000 tons, or 12½ per cent of our 6,000,000 ton requirement.

These figures are computed on the assurance that the various by-product plants will supply the same quantity of fuel for domestic purposes as last year.

It has already been pointed out that owing to the loss of production during the strikes, the supplying of this quantity to the domestic market would materially reduce the coke available for the production of pig iron. If pig iron production were continued at last year's rate, a further 300,000 tons of coke that it is planned to place in the domestic market would not be available; hence the total deficiency of domestic fuel in Ontario and Quebec would amount to 1,050,000 tons, or, say, 17½ per cent of the total domestic fuel requirements in this area of 6,000,000 tons.

Last year over 250,000 tons of Alberta domestic coal was moved to this area which was not available at the beginning of the fuel year. To overcome this and to help to meet the deficiency in United States supplies, this control has made arrangements with various dirt moving contractors in western Canada to produce by stripping some 500,000 tons of coal. On the basis of last year's experience, this should make available to Ontario and Quebec some 300,000 tons of Alberta domestic coal. In addition some 175,000 tons of briquettes or other high grade fuel will be diverted from the railways to this market. This makes in total some 225,000 tons of additional fuel from Alberta. However, should a coal strike occur in district 18, Alberta, this supply will not be available.

SUPPLY OF FUEL OIL AND OIL BURNERS

Mr. P. C. BLACK (Cumberland): In view of the enormous increase in fuel oil equipment for heating purposes all over Canada, which will in future replace the market for coal, is the minister assuming responsibility for an adequate supply of fuel oil?

Mr. HOWE: The coal control is assuming responsibility for seeing that an adequate supply of fuel oil is available this winter. I think I can say that those who depend on oil for heating will be guaranteed a supply.

Mr. GRAYDON: May I ask the minister a question with respect to heating by oil? What is the position now with respect to obtaining a good supply of oil burners? A number of persons in my constituency have asked me about this matter. Because of the coal shortage there is a move on foot to install oil burners, and some people have told me that it is difficult to get them; others have not had the same trouble. Will the minister clear up that point?

Mr. HOWE: The production of oil burning equipment has increased enormously, but the demand has also increased enormously. There is no government control on the distribution of oil heaters. The only method of obtaining

them is to apply to a dealer and take such position as can be obtained on the dealers' lists.

Mr. GRAYDON: Are they in short supply generally?

Mr. HOWE: The supply is not sufficient for the demand.

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): May I ask the Minister of Reconstruction if there is anything he can do to expedite the report of the royal commission on fuel? The answer to the whole fuel problem will hinge upon that report. Another thought I have in that connection is that the mines workers will be holding their annual meeting on October 25; and if they are to bring down any comprehensive policy with respect to wages and working conditions it will be necessary that they have this report.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I shall be very glad to convey my hon. friend's remarks to the royal commission on coal. I have already told the house that the report is being prepared, and I have also requested that it be completed as rapidly as possible. From the information I have I should think the report would be available for the convention my hon. friend has referred to, and I shall make every effort to see that it is.

LABOUR CONDITIONS

TEXTILE STRIKE—INQUIRY AS TO ARREST OF UNION LEADERS

On the orders of the day:

Mr. WILLIAM IRVINE (Cariboo): I wish to ask a question of the Minister of Justice, of which I have not sent him notice. If he desires to take it as a notice and answer to-morrow, that will be satisfactory. Is the minister aware that leaders of the textile workers' strike in Valleyfield have been arrested on charges of alleged conspiracy, and that they have been refused bail? Can the minister take any action which will result in their being granted bail? If not, does he think it is conducive to the best law and order to refuse bail to these people?

Mr. ST. LAURENT: I think I can answer the question right away. I know nothing about the arrest of labour leaders beyond what I have seen in the press, or about the refusal of bail. I must point out that the granting or refusal of bail is a part of the administration of justice and is under the control of the judicial branch of the sovereignty of the Canadian nation. This parliament exercises legislative sovereignty. The government exercises the executive powers; the judiciary deal with the administration of justice. I have always taken the position that it would be quite improper for the executive or any member of the executive to try to interfere in any way with the process of the courts in the administration of justice.

CONFERENCE WITH PROVINCES

INQUIRY AS TO FURTHER MEETINGS

On the orders of the day:

Mr. P. C. BLACK (Cumberland): I should like to ask the Acting Prime Minister if any reply has been made to the request of Hon. Angus L. Macdonald, premier of Nova Scotia, made on August 8, that another dominion-provincial conference should be called to make, using Mr. Macdonald's words, at least one more effort to bring about a true solution of the taxation and subsidy agreements. A similar request has been made, I understand, by the premiers of other provinces.

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): I do not know that any request has been received from the premier of Nova Scotia. I remember that some weeks ago there was publicity in the newspapers about some public statement made by Mr. Macdonald as to the desirability of there being further meetings of the representatives of the dominion and the provinces. I shall inquire and see if there has been any specific request from him. I do not remember seeing any, but I shall make some inquiries and find out. The most recent communication in that regard was a telegram received from the mayor of Fort William, mayor George R. Inglis, and dated August 16, to which a reply was dispatched on August 22. That reply was communicated to the press, and I think I saw it reproduced in two or three of our newspapers. I do not think it would serve any good purpose to read it into the record here. It contained a statement that negotiations were going on between the federal government and the governments of certain provinces, and that the federal government is prepared to proceed immediately with discussions on the proposals outlined in the budget speech, with any other province which may be interested.

Now, if there is a desire of the provinces to get together and agree upon what they would suggest, there is nothing to prevent them from doing so. The situation which arose was that the wartime tax agreements were running

out, and it had not been found possible, in the meetings which had been held, to arrive at any common agreement. My hon. friend the leader of the opposition (Mr. Bracken) said in this house that there was nothing surprising about that. We had been at it only about nine months, and the discussions which preceded confederation took two or three years, and the investigation of the Rowell-Sirois commission also took more than two years. Nevertheless there had arisen a situation which it was necessary to deal with, and we attempted to see if anything could be done with the provinces individually for the purpose of continuing agreements about taxes. Those negotiations have been and are going on.

As I said before, if the provinces now think it would be preferable for them to have some scheme, upon which they were agreed, considered by the government, there is nothing to prevent their meeting and preparing such proposals. There have been many occasions in the past on which the provinces have met together to discuss representations which they wished jointly to make to the federal government. That can be done again.

Mr. BLACK (Cumberland): Premier Macdonald's request has been widely publicized in the papers.

Mr. ST. LAURENT: Yes, we all know wide publicity is given to what is said on almost every controversial question which arises in this country.

Mr. COLDWELL: The Minister of Justice has just referred to the mayor of Fort William, but he used a name which was not that of the mayor of Fort William. The mayor of Fort William is Mr. Garfield Anderson.

Mr. ST. LAURENT: That was my mistake. The telegram was filed from Fort William, but Mayor Inglis, who sent the telegram from Fort William, is the mayor of Niagara Falls.

Mr. McIVOR: The mayor of Fort William has good sense.

Mr. BRACKEN: I gather from the minister's remarks that the government has not taken any initiative toward calling another dominion-provincial conference; is that correct?

Mr. ST. LAURENT: That is correct.

Mr. COLDWELL: The government has not closed the door, has it?

[Mr. St. Laurent.]

Mr. ST. LAURENT: No, the government does not close doors on anything which may lead to a satisfactory solution of any problem of public interest.

Mr. GRAYDON: It looks like a closed door to me.

CANADIAN ARMY

STAFF CARS AT SOMERSET STREET BRIDGE, OTTAWA

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): Mr. Speaker, yesterday I asked a question of the Minister of National Defence, to which I was told that I would be given an answer. My question was whether his department or War Assets Corporation were in control of the automobile dump at the Somerset street bridge, where there are thirty or forty new staff cars. Has the minister an answer?

Mr. HUGUES LAPOINTE (Parliamentary Assistant to the Minister of National Defence): That is an ordnance depot in Ottawa for the army, and has nothing to do with War Assets Corporation. The vehicles there are the property of the army.

Mr. FRASER: I should like to know when those thirty or forty new vehicles are to be sold, because there is a doctor in my district—

Some hon. MEMBERS: Order.

Mr. FRASER: —who has been trying to get a car for the last three months, and who will have to give up practice unless he can get one.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF FISHERIES

76. Departmental administration,, $170,340.

Mr. STUART (Charlotte): When the house adjourned last evening I was discussing the matter of floor prices for primary products. I have been given to understand that it would be an enormous task to have adjustments made by which this protection would include all primary producers. During the war the necessary machinery was assembled and put into effect to enforce price control. We all agree, I believe, that a fine job was done in this country under capable management. If this could be accomplished under great pressure owing to increased buying power and an acute shortage of necessary supplies, I feel confident that, from experience gained during that period, we have the machinery already in operation that can solve our problem and put all primary producers of this country in the same position as that occupied by the farmers

of western Canada. Why there should be any distinction between east and west I fail to understand.

On August 14 the Minister of Agriculture, speaking in this chamber, had this to say—*Hansard*, page 4809.

> We have contracts for pork; we have contracts for cheese; we have contracts for butter: we have contracts for milk; and all are on the same basis for a long period of time at a stabilized price . . . A beef contract is under negotiation. I think the final touches will be put to it while I am over in England during the next week or two.

When the present contract for wheat over a five year period is added to those just mentioned, I believe you will all agree the agricultural industry is adequately protected, and I wish to congratulate the minister upon establishing what I believe to be the greatest protective policy that any primary producer has ever enjoyed in the history of this dominion.

I might also mention in connection with this matter the act for the support of the prices of agricultural products during the transition from war to peace. This was assented to on August 15, 1944. One portion of it I should like to put on the record:

> 10. (2) Expenditures, for the purposes of this act, other than administrative expenses provided for under subsection one of this section, shall be paid by the Minister of Finance on the requisition of the board, out of unappropriated moneys in the consolidated revenue fund, under and by virtue of the authority of the governor in council on the recommendation of treasury board in an amount not to exceed in the aggregate two hundred millions dollars.

Now, Mr. Chairman, there is $200 million provided to protect agriculture. There is no mention, in relation to that vast sum, of the fishing industry or any other primary produces in the Dominion of Canada. So I feel that there was neglect somewhere in that the other primary producers were not considered when that agreement was drawn up.

In order to implement these several agreements, connected with the Minister of Agriculture's discussions on stabilizing prices, several trips by him were necessitated, as agreements such as these are not completed satisfactorily without extended negotiations and much study by both the exporter and the importer. Owing to the fact that the natural markets for our fish and fish products are on this side of the Atlantic, contacts could be made with much less difficulty than were encountered by the Minister of Agriculture, and much time and expense could be saved in organizing international gatherings.

After listening attentively to the statements made by the Minister of Agriculture as to the protection given the agricultural industry, I feel that great discrimination is being shown against the other primary producers of this country if every member of this house does not insist that the same long-term protection be given one and all. My personal opinion is that the protection given the agricultural industry must include every province in this dominion and every individual producer within these provinces; also that steps must be taken immediately, regardless of the enormous task involved, to establish and maintain contracts for the protection of all primary producers.

Surely the fisheries department would not be satisfied to sit idly by while a select group is singled out for special recognition and protection, nor could members representing counties where the fishing industry is of great importance do other than insist most emphatically that the products of the sea take their rightful place, and demand that the same treatment be accorded this industry as has been given agriculture. Let us not forget that the real wealth of this or any country can come from three sources only, the land, sea and forests, and now is the time to take the precautionary measures necessary to give adequate protection to the producers of this wealth.

Individual effort excluding the other groups would, I feel, increase distrust and intensify division at a time when equality and unity should be our aim. Assistance and guidance from this government is necessary if that aim is to be achieved.

Speaking on the fisheries estimates on December 17, 1945, I endeavoured to impress upon this department the important part the lobster fishery is taking to-day in the general welfare of the maritime provinces. Some years it is at the top in dollar value, and never below second place for a great many years. The legal season for lobster fishing in all parts of the maritime provinces is of short duration; it would not average more than five or six months in any one section, which greatly adds to the importance of the lobster fishery, as it gives the fishermen the opportunity of engaging in other branches of the industry during the closed season.

Winter fishing is the most profitable, as prices at this season of the year are usually higher owing to the uncertainty of weather conditions and the greater hazards that must be encountered by the fishermen. If they are able to operate three days weekly during this season of the year it would be considered a good average, and there is always the danger of a bad storm that would practically destroy all their equipment and leave them no choice but to cease operations for

that year, and go to great expense to prepare for the next season. As I have before stated in this house, no part of this equipment can be insured. The fishermen must always be in position to finance his own business and therefore must have a working capital.

A few weeks ago two thousand live lobsters were shipped from St. Andrews, New Brunswick, to British Columbia. This is another experiment on the Pacific coast to build up a lobster fishery. This province has experimented with lobsters before, unsuccessfully, but knowing the value this industry would be to their fishermen and to the province generally they are determined that regardless of expense and discouraging results obtained in previous ventures everything possible must be done and every suggestion given careful consideration before admitting defeat.

I regret this department does not take the same attitude with respect to the value of the lobster fisheries on the Atlantic coast. I am thoroughly convinced in my own mind that lobster hatcheries can be operated successfully by this department in the maritime provinces, if they are given the same enthusiastic consideration that is given hatcheries for the propagation of fresh water fish to attract tourists to our provinces. Several years ago a few lobster hatcheries were operated in eastern Canada. I have information from a reliable source, a gentleman with great knowledge of the fishing industry and many years of experience with this department, that very little interest was taken in these hatcheries when they were in operation, and practically every person employed in their operation was a politician with no knowledge of this type of work and little interest other than his pay cheque.

Since suggesting lobster hatcheries to this department nearly one year ago I have been informed that the cost connected with their operation and the result obtained does not warrant the expenditure. This information, I have been given to understand, was obtained by scientific research and after consultation with officials who are responsible for maintaining hatcheries in the United States.

To show the committee that the same check is not made concerning sport fish, I wish to relate one incident to which I was an eye witness. At Loch Lomond in St. John county we have a hatchery maintained by this department, and from the number employed directly and indirectly the cost of operation without doubt is a large sum. In the year 1942 a few hundred small bass were taken from this hatchery in about twenty-five large cans. These were taken in the morning to Blacks Harbour, a distance of over fifty miles by truck. There they were loaded on the Department of Fisheries patrol boat and taken across the bay of Fundy to Nova Scotia by water, another distance of fifty miles or more, taking eight or nine hours. During this trip salt water had to be bailed in the cans frequently to keep the fish cool. Arriving in Nova Scotia the cans were again loaded on trucks and taken several miles to a lake. By this time it was late at night and the truck could not drive within quite some distance of the lake, which made it necessary with the aid of flashlights to carry these heavy cans from the truck to the lake over a very rough path. Men stumbled and fell, spilling some fish over this wood road, but the job was completed about midnight. The following day the boat returned to Blacks Harbour, and the gentlemen in charge of operations from Loch Lomond reported a job well done. Just what these fish cost the people of Canada I do not know, but I should be interested to know the cost from the time they were spawn until they were delivered to their final destination. This is one case in many, and has been brought to the minister's attention for one purpose only, to prove that where there is a will there is always a way. And if the same determination and energy could be injected into matters pertaining to commercial fishing, much could be done to improve the industry.

I do not wish to minimize the contribution science has made to this country and to the world, but I think that in some cases practical experience is worth while, and the two together could work wonders. There are in the employ of the research board two gentlemen whom I know well. They have been in their employ for nearly thirty years. Neither of these gentlemen is a scientist, but over that period of years they have had great practical experience in all parts of the maritime provinces and all waters adjacent in connection with work having to do with the fishing industry. They have been given some tough assignments by the research board, but have always managed to come through with the required information. I should be pleased to see either of these men given a free hand by the fisheries department in connection with lobster hatcheries. With the aid of the scientific staff, the two working harmoniously with full support of this department could, I am convinced, come through once more with the desired results. The two gentlemen I have in mind are Captain A. E. Calder and E. A. Rigby. Their record with this department will, I am sure, substantiate any statement I have made. If they were given the

opportunity and the support I have suggested and decided after a fair trial that lobster hatcheries were not feasible, then I myself would be thoroughly convinced that the idea could be forgotten. But until such time as every conceivable idea has been tested and all the knowledge at the disposal of this department coordinated without result, I will continue to remind those responsible that one of our greatest industries is being terribly neglected.

From a memorandum presented to the secretary of the fisheries research board, dated April 2, 1946, regarding lobster hatcheries, signed by A. W. H. Needler, J. L. Tremblay and D. C. Wilder, it would appear the operation of lobster hatcheries would not be profitable except on a purely experimental basis. Great emphasis is laid on the cost of establishing and maintaining rearing stations. To my knowledge the cost in connection with other hatcheries has never been considered in relation to the results obtained, and since the year 1917 no effort has been made to experiment with rearing stations, although millions of dollars have been found for other experiments that will never return dollar value to this country and were never intended to.

I notice in the estimates for 1946 that the salaries for employees of the fisheries research board alone are over one-half million dollars. Why any additional help would be required to carry on this proposed service, I fail to understand. The operation and maintenance for this branch alone is three quarters of a million dollars, not including the fish culture branch, for which the estimate is $230,000; $140,000 of this amount is for salaries and wages. This would make a total of $643,000 in wages paid the research board and the fish culture branch. Surely with this amount available the personnel could be found to maintain lobster hatcheries.

Another section of the report, page 2, states that after the hatcheries were closed in 1917, reliance was placed on the protection of berried lobsters rather than on artificial hatching of the eggs. Just how this protection has been given is not explained to my knowledge. The regulation which affords this protection in most cases has forced lobster dealers to dispose of the female lobsters before they spawn, which I feel is very harmful and in no way a protection. This is done by giving fisheries inspectors authority to liberate berried lobsters which were bought and paid for legally and held in pounds several weeks or months before the spawn appeared. These inspectors have authority to liberate these lobsters without remunerating the owner, although they were bought and held legally. To avoid this injustice the dealer separates the females when they are impounded and holds them in a separate compartment. The time of spawning is known to this operator who, by this regulation, is forced to sell all female lobsters just before they spawn in order to protect his investment, as the actual loss he would be obliged to sustain would in some cases amount to thousands of dollars. In other words, the pound operator is compelled by this regulation to kill the lobster before it spawns. This, I believe you will agree, is anything but protection.

On page 3 of this same report there appears a table of lobsters produced by hatcheries in the state of Maine for the years 1938 to 1945, inclusive. The average over that period is about 300,000 annually.

Mr. BRIDGES: May I interrupt to point out that page 3 of the report refers to rearing ponds. The hon. member stated it referred to hatcheries.

Mr. STUART (Charlotte): These figures may be correct. However, I have figures for the years 1942 and 1943 taken from a pamphlet published by the United States department of the interior, fish and wildlife service. Under the column "Summary by states of the distribution of fishes," the number of lobsters distributed in the state of Maine for the year 1942 was 4,898,510; for 1943, 4,008,420; total for the two years about 9,000,000. The table previously given by this department for the same period shows 343,000. I am unable to state which is correct.

The report of the fisheries research board states also:

> Artificial hatching and rearing not responsible for increased Maine lobster catches.

In the same report it states that lobster rearing began in Maine in the year 1938 and has continued since that time. Also included is table No. 2, giving the lobster catch in pounds for the years 1935 to 1945 inclusive.

I wish the committee to note that it takes about five years from the time a rearing station is started before any results are obtained. The catch in pounds is shown from 1935 to 1945 in the following table:

Year	Catch in pounds
1935	7,687,200
1937	7,348,500
1938	7,659,200
1939	7,570,800
1940	7,643,005
1941	8,937,182
1942	8,403,793
1943	11,468,025
1944	13,300,000
1945	19,130,000

The report states definitely that a great increase has occurred over that period. It states that hatcheries are not responsible for the increase but fails to explain or suggest what is responsible for greatly improved conditions.

From information contained in this report of the research board, acknowledgement is made that no action has been taken on their part during the past thirty years to acquire knowledge regarding the rearing of lobsters, although during that time the lobster catch in certain years was very low and in certain areas lobster fishermen were practically forced out of the business.

I know of no way in which during the past thirty years the efforts of the research board and fish culture branch and the funds at their disposal could have been used to greater advantage than with experiments that might have been beneficial to one of the greatest industries in the maritime provinces. Why this experiment was discarded is still not explained in their report, and it certainly was not justified in the opinion of maritime lobster fishermen, particularly when it is evident that large funds have been found for experimenting with fresh water or game fish upon which no citizen would depend for a livelihood.

I can definitely assure this department that they would receive little criticism if this experiment were given a fair trial over a period of years and failed to produce the required result, because the fishermen who are greatly concerned would be convinced that the research board and the fish culture branch were interested in their welfare and had at least tried to be of assistance.

Mr. BLACK (Cumberland): This is an important department dealing with a great natural resource that we have in the maritimes and on the Pacific coast. I do not propose to take up very much time at this stage of the session.

The Department of Fisheries was established on the recommendation of the Duncan commission, composed of Sir Andrew Rae Duncan, Doctor Cyrus Macmillan, who had a seat in this house for a number of years and was highly respected by all of us, and the late Judge Wallace, at the request of the government of Nova Scotia, when I was a member. The department has done splendid work in the intervening years, and I feel it is doing a splendid work to-day. The minister is certainly applying himself to the needs and requirements of the fishermen in Canada. He may have been at a considerable disadvantage in the beginning at least, because he belongs to the legal profession and represents an inland constituency. On the other hand he is supported by an able staff, some of whom come from my province. I should like to name them but I shall not do so.

I was very much impressed, Mr. Chairman, by the addresses made on these estimates by the hon. member for New Westminster, the hon. member for Queens-Lunenburg, the hon. member for Queens, Prince Edward Island (Mr. McLure), the hon. member for Charlotte and others. Cumberland is not a big fishing centre, although it is bounded by both the waters of the Northumberland strait and by the bay of Fundy. It has a large lobster interest, the centre of the world's lobster supply, and it has also a considerable smelt fishing interest, as well as oysters. All these fishing activities can be expanded, and I believe this applies in a very large measure to the oyster industry. There is no better oyster in the world than is produced in the waters of Cumberland county and nearby counties. These oyster areas are producing only a small fraction of their potential capacity to produce oysters. In Cumberland county, in my constituency, we have a very considerable smelt industry, which is followed by the local residents. The smelt is one of the tastiest salt-water fish that is produced, and if it is marketed in a fresh state and properly prepared there is no finer fish than the smelt which are marketed late in the season and in the early winter. We have in Cumberland small smelt rivers, with shoal waters and long sand banks. In these rivers the ice forms early in the season. Recognizing this condition the Department of Fisheries for a number of years established an earlier season to enable the local smelt fisherman to get a fair catch and market it at a time when the smelt would first come on the market in this country and in the United States. These waters were closed weeks or months earlier because of ice conditions, but unfortunately the department made the season uniform and so our fishermen were denied the privilege of a full season which they had enjoyed over a number of years. I would ask the minister again to investigate and see if in view of the special conditions an earlier season could be established for these shoal waters and small rivers in Cumberland and Westmorland counties.

The activities of these fishermen were also interfered with last year by smelt fishermen who came in from distant points and established what are called box traps at the very mouth of these rivers, which interfered with the access of the smelt up the rivers and ruined the catch of the regular smelt fishermen. I feel that the department should investigate that question and provide all the advantages that are possible for the regular

net fishermen who have been pursuing that occupation for many years, and not allow outsiders to come in and block their efforts and interfere with their business and living.

As I said this is a very important department dealing with a great natural resource. The fishermen themselves endure great hardships, and they have suffered over the years. At the time the Duncan commission made its report some of them were receiving only 50 cents per hundred pounds for whole fish, from 50 to 75 cents. There was no adequate market, and the fish were not properly prepared and shipped quickly to the markets. Much has been done in the intervening years to improve the price of fish and to assist in its marketing, and I want to express my appreciation to the minister and his officials for what they have done.

I would also point out the desirability of improving and protecting the sport fishing opportunities in Nova Scotia and in the maritime provinces generally. This is one of the great attractions for our own people and for the tourist. The department has made some efforts through hatcheries to increase the angling and sport fisheries, as well as salmon and other commercial fisheries, but a great deal more could be done. I do not believe that anything is more attractive to the tourist than successful sport fishing. I ask the minister to give the attention of his department to the improving and planting of as large a quantity of fish and oysters as possible and to protect these fisheries and the regular fishermen in getting their hazardous living, so that not only may the local people have the benefit of improved trout and sport fishing, but the fish will be there in greater numbers for the tourists who come to our part of Canada.

I will not delay the committee any longer. This is one of the most important natural resources pursued by men who carry on their occupation under great hardship, and I am pleased that the returns they have been receiving in the last few years have been more adequate than formerly. It will be the object of the department, I am sure, to see that these prices are maintained and that there are adequate markets for the fishermen of the maritime provinces.

Mr. LANGLOIS: I listened attentively to and have studied the statement made yesterday afternoon in this chamber by the Minister of Fisheries. Though his new policy relative to the inspectorship does not and will not apply to the fisheries of my county, I wish to comment briefly upon it.

The Department of Fisheries is taking a most important step in the right direction by introducing this policy. Surely the minister deserves to be congratulated on this timely innovation. He had no need to apologize, as he seemed to be doing yesterday, for breaking new ground, and I trust he will keep on doing so whenever he deems it necessary. By thus injecting new blood into his department and by planning for the future he is working in the best interests of the fishermen of Canada. In addition to securing a staff of trained inspectors for his department he is at the same time helping along a most deserving class of our Canadian society by opening up new careers to our worthy returned soldiers.

I also appreciate the idea of having men charged with the duty of seeing the regulations complied with, who will help along our fishermen and act—I like to use the minister's own words here—as educationists. I must add that I did not expect anything else from the hon. gentleman. Since my election to this parliament indeed I have always found in the course of my numerous dealings with him the same spirit of cooperation on his part that he is himself to-day going to request from his officers in their dealings with the fishermen.

I said in my opening remarks that the fishermen in my county were not going to benefit by this new policy. I explained the other day in this house that, since 1922, the fisheries of my province have come under the exclusive jurisdiction of the provincial legislature, and I gave in some detail the advantages which were then lost for ever to the Quebec fishermen who, like the fishermen of other provinces, contribute to the federal treasury. I need not therefore repeat here my views in this respect. I leave it to those who were at the time and who are now responsible for this only exception in the administration of our Canadian fisheries to shoulder their responsibility and to compensate the losses suffered by our Quebec fishermen under the pretense of provincial autonomy. I hope that at least they will have the courage to follow the fine example set by the federal department of fisheries, and that, if their so-called provincial autonomy is not at stake, they will endeavour to make similar arrangements with both the Department of Labour and the Department of Veterans Affairs to achieve the same end in their own sphere.

I must also congratulate the minister on, and thank him for, having gifted my county with a most modern experimental fishing station. I hope that in the very near future this establishment will also provide a meteorological service, which is so much needed by our fisher-

men. This affords the Minister of Fisheries an opportunity to reward our fishermen for the great sacrifices they have been asked to make and for the loss they have been asked to suffer by their Quebec leaders.

I have but one more remark to make, and it concerns our present policy regarding the export of salted fish. As this matter stands to-day, no producer can export salted fish if he was not in the trade during the base period of 1941-42. The result is that this trade is closed to newcomers, unless—and I appreciate this exception—the applicant for the export permit is a veteran of our armed services, a buffer having been provided for such cases. However, many examples have been brought to my attention during the past fishing season where the fishing trade was greatly handicapped by this 1941-42 quota rule. I cite here a few of these examples. A producer who has a great number of fishermen fishing for his account has filled his orders for say, fresh or frozen cod, but the fish are still coming in in great quantities from the sea. Instead of dumping the catch he decides to produce salted fish. Since the only market for his salted fish open to-day is in the United States, he applies for an export permit. The application is turned down, because, unfortunately for him, he was not in this kind of export business during the 1941-42 period; and therefore he is left with the fish on his hands. Another example is the one which occurred frequently, according to my information, during the past fishing season in my county. All the frozen space in this particular fishing village was taken up on account of a more abundant catch during a couple of exceptionally good fishing days, or on account of lack of transportation usually caused by lack of refrigeration cars at the time. The producers who had to absorb the incoming catches were faced with the problem either of salting away the fish with no open market in sight, if they were not eligible for export permits according to the 1941-42 regulations, or of asking their fishermen to stop fishing for two or three days when fishing was good.

I think that these examples will suffice to illustrate my point and to show the disastrous consequences of this policy on our fishing trade. I am told that some of our producers had to resort to the expedient of asking some Montreal or Quebec brokers for permission to use the quotas which most of the brokers had accidentally acquired during the base period by placing orders on outside markets, though they were not in the trade before and never have been since. I must add that in all cases brought to my attention these lucky brokers did not hesitate to lend their firm's quotas, provided, of course, that substantial remuneration was received for this good service.

Mr. MacINNIS: That also was an accident.

Mr. LANGLOIS: I know that these regulations are entangled in international food agreements, but I think that this situation, which is most detrimental to our fishermen, must be remedied forthwith. Perhaps, if I may offer a suggestion, a policy such as the one adopted recently by the timber control to regulate the quantum of the production going both in the domestic and in the foreign markets could be satisfactorily worked out in this instance without penalizing the producers who were not in the export trade during the base period. I know that the minister has been very busy struggling to tackle this problem, and I hope that my remarks will urge him to keep on working in this direction and that a solution will be found in the near future.

Mr. MacINNIS: Because of the importance of the subject with which we are dealing I regret that it is necessary for one to be brief at this time. First we have the important statement made by the minister yesterday afternoon in connection with which hon. members representing constituencies either adjacent to or in areas where people make their living by fishing, would like to ask some questions. I shall ask the minister certain questions later in regard to his statement. Then we have the speech made by the member for New Westminster, which merits consideration which I fear we shall not be able to give it at this time. Following that is the question of marketing which was raised by the hon. member for Charlotte. These are all questions of the utmost importance and should have a thorough airing when the estimates of the Department of Fisheries are under discussion.

It is my hope that at some time or other the estimates of the Department of Fisheries will be called first instead of the estimates of the Department of Agriculture, so that those of us who are interested in the fishing industry may have the same chance to go as thoroughly into matters pertaining to that department as do those who are interested in agriculture go into the agriculture estimates. However, that is not possible at this late stage of the session.

Now that the war is over, great difficulties confront the fishing industry on both coasts. I do not pretend to have as great a grasp of the fishing industry as has the hon. member for New Westminster, who has made it a special study for many years, but I am quite sure that given the proper attention, the fish

packs, particularly the salmon pack on the Pacific coast, could be more than doubled in a period of four or five years. All that would have to be done to accomplish this does not lie wholly with the federal Department of Fisheries; a great deal would have to be done by the provincial governments.

On the Pacific coast there is a possibility that the fishing industry may become overcrowded. A great many people are going into that industry, and if it is not carefully watched there may be more people in it than can make a living out of it. These are all important matters which we should have a longer time to discuss.

Referring to the question raised by the hon. member for Charlotte as to prices and marketing; I believe that while the war was a very terrible experience, one thing at least has come out of it. People have learned that by proper control and regulation production can be assured, together with proper rewards to those who actually do the work. We have learned something that the producers of all sorts of commodities will not give up willingly. I repeat that I hope the minister will at the next session so arrange matters that his estimates will come before us earlier.

Mr. MACDONALD (Halifax): I was very much interested in the minister's plans for the expansion of his department. I do not intend to say anything on the programme or on the appointment of inspectors which has been proposed. Before I proceed, however, I wish to say that the minister to-day has the confidence of all who are interested in the fishing industry. This places a great responsibility on him, and I know that his administration will fully justify the confidence placed in him. I intend to say something on a matter which was covered in the fine speeches delivered by the hon. member for New Westminster and the hon. member for Queens-Lunenburg, namely, the position of our fishermen off the Nova Scotia coast and on what we call the Sable Island and Quero banks.

This question presents two problems. One has to do with the destruction of the fishermen's nets, trawls and gear by steam trawlers. The other problem has to do with the conservation of the fish population now existing in those waters.

The first question as to the destruction of gear is not a new one in Nova Scotia. It has been brought up on many occasions in the past. This question was brought to the attention of the minister of marine and fisheries over twenty years ago. In 1924 a petition signed by fifty or sixty fishing masters protested against the destruction of their nets and gear in the waters in or near Sable Island banks. The Sable Island banks lie southwest of the Quero banks. The petition was sent to the department of marine and fisheries of that day. Many declarations were sent accompanying it. These declarations, which were made by masters of fishing schooners, set out the particulars in detail of the damage done to the nets, and also in most cases gave the nationalities of the owners of the trawlers, as well as the names of the trawlers.

In consequence of those representations the government provided a protection vessel, the *Arras* to patrol the fishing banks off Sable island. The question of depredations by trawlers was also raised before the royal commission which was set up to investigate the fisheries of the maritime provinces and the Magdalen islands. This commission was headed by the late Hon. A. K. Maclean, who at the time was president of the Exchequer Court of Canada. There were several members on the commission, one of whom was the Hon. Cyrus Macmillan, who was afterwards minister of fisheries. The commission made its report in 1928. I should like to read one or two extracts from the report, which sets out clearly and concisely the complaints of the Nova Scotia fishermen in respect of the operation of foreign trawlers at that time. I might add that there was a minority report by the Hon. A. K. Maclean, dealing with trawlers. However, in respect of this question of the destruction of fishing nets and gear the commission as a whole were in complete agreement.

At page 93 of the report there is this statement:

> Under the second general heading of direct protection of the fishermen, two objections to steam-trawlers were expressed to us—that the steam-trawlers are foreign-owned and foreign-manned, and that they destroy fishermen's gear without making restitution. With reference to the first of these protests, six of the ten trawlers now operating from ports in the maritime provinces are said to be owned in Canada; and the majority of the crews are said to be naturalized British citizens. This objection may therefore be considered as relatively unimportant. But the contention that steam-trawlers destroy the fishermen's gear was supported by well substantiated statements by many fishermen who themselves had suffered loss. At Lunenburg, Nova Scotia, the captains' association was represented before us by counsel who stated that the damage to gear of some of the Lunenburg fishing fleet by steam-trawlers amounted in recent years to at least five thousand dollars. We were told by several fishermen that it is sometimes the practice of steam-trawlers to set their fishing course where other fishing vessels have taken up their position, and that they destroy, particularly during their night fishing operations, the gear that lies in the track of their trawl. In Great Britain, there have been many prosecutions of operators of steam-trawlers for such destruction of the gear of other fishermen and

many convictions have resulted. There, however, the aggrieved fisherman may place his case, for equitable adjustment, before a general court specially established for this purpose. The Canadian shore fisherman has no such privilege; he has to depend on his own effors to protect his rights and his property, and his efforts are usually futile. France, it is said, maintains a light cruiser or patrol boat to enforce discipline among French steam-trawlers operating on the banks; and we were told that the Canadian hospital ship on these fishing grounds endeavours to provide protection for Canadian fishermen's gear. But the statements made to us by many fishermen indicate that the protection is far from adequate.

Then the report goes on to say that—

Beyond her territorial waters, Canada has no jurisdiction. The high seas are free to all nations as fishing grounds, and no country alone can prevent the steam-trawlers of other countries from operating there with their own methods and in their own way.

The two important questions above, which call for consideration, are the taking of immature fish and the destruction of fishermen's gear. They are questions that can be disposed of solely by international negotiations and arrangements. We, therefore, recommend that an effort be made by the government of Canada to bring about an international conference or negotiations among the nations from which steam-trawlers now operate on the fishing banks of the North Atlantic, with a view to making international arrangements or agreements for the regulating of all fishing vessels on the banks, particularly for the protection of fishermen's gear and for the more complete conservation of the fisheries in those areas. The desirability of such negotiations has frequently in the past been discussed and advocated, but no practical or definite plan has yet been formulated.

Those are extracts from the majority report of the commission. The Hon. A. K. Maclean, in his minority report with reference to this matter, had this to say:

Complaints were made to the commission, particularly at Lunenburg, Nova Scotia, concerning the damage done to line trawlers and fishing gear by Canadian and foreign trawlers. Such damage occurs in international waters. This being the case, regulations to effectively alleviate or end these complaints must be the subject of international action. In the North Sea, where fishermen of many nations are engaged in fishing, it was found necessary to regulate the manner and methods of fishing, and to police the fishing areas. To achieve this end a convention between Great Britain, Germany, Belgium, Denmark, France and Holland was entered into, in 1882. It is said that this convention has in a large degree accomplished its purpose. For the same reason, as well as others to be later mentioned, I would recommend that the government of Canada take the proper steps to secure, if possible, an international conference representative of the countries whose citizens fish on the North Atlantic fishing grounds, with a view to the enactment of international regulations governing the operation of trawlers in these waters, and the punishment of offences against such regulations.

I said a few minutes ago that this question of the destruction of gear and nets of fishermen is not new. In the course of my law practice I have been concerned with several cases where fishing schooners have been run down by trawlers. One of these, which is a typical case, and reference to which may be useful, concerned the vessel *Mahaska*. This was a Lunenburg fishing schooner which was run down by a French trawler in 1929, and sank as a result. The material facts are set out in two or three sentences of the judgment of Mr. Justice Mellish, the admiralty judge who tried the action. I quote:

This is an action for damages by collision. The *Mahaska* is a fishing schooner. On the 22nd March, 1929, she was lying at anchor near Sable island banks.

I have said that the Sable Island banks lie immediately southwest of the Quero banks which were mentioned yesterday by the hon. member for Queens-Lunenburg. The judgment goes on to say:

At about two a.m. on said date she was when so lying rammed and sunk by the defendant ship —a steam trawler. The weather at the time was fine and clear.

In that case two lives were lost and the schooner sank in four minutes. It was only because of the skill of the members of the crew handling the dories that a much greater loss of life was prevented. What I wish to bring to the attention of the committee is this, that so far as I know no action has ever been taken to implement the recommendations of the royal commission that an international conference be held with a view of making agreements for the regulating of fishing vessels on the banks.

The second problem which is presented in connection with the Quero banks is that of the conservation of the fish. Some question was raised yesterday as to the international law bearing on this subject. It is true textbooks say that the fish in the high seas are the property of the persons who first catch them, and the jurisdiction of a country extends over adjacent waters only to the three-mile limit. That may have been international law when these textbooks were written, but law can, I suggest, become obsolete or should not be followed because of changed circumstances. The world has changed since the days when these principles of law were first enunciated: it has become smaller. Te experience we have had of recent years shows that international law as known at one time is not respected generally by all nations. The Canadian Bar Association is meeting to-day in Winnipeg, and I read in the morning papers that one of the questions to be considered there is the codification of international law.

Mr. REID: There is no international law on the three-mile limit.

Mr. MACDONALD (Halifax): It has never been codified, but I think it has generally been accepted in British countries that the three-mile limit was the extent of the limit over which British power extends. That is modified in many cases by conventions and by agreements. But I would say that the mere fact that that was the law does not mean that that law should continue to exist as it is. It never had any scientific or logical basis. I think it was settled on the basis that when the question arose the range of a coastal gun was three miles. But we know to-day rockets go hundreds of miles, to say nothing of the distances which bombs from aeroplanes can be carried.

The hon. member for New Westminster referred to a proclamation of President Truman which was issued last December. It related to fisheries in waters contiguous to the United States. I have read the operative part of that document, which appears in *Hansard,* August 28, page 5524. It seems to me that this proclamation expressly reserves the rights of fishermen of other nations, and it also reserves navigational rights. It does not go so far as to provide that the United States can legislate in respect of waters which have been fished by their own nationals in common with nationals of other countries. The order provides, dealing with fishing activities in areas of the high seas contiguous to the United States, that—

> Where such activities have been or shall hereafter be developed and maintained by its nationals alone, the United States regards it as proper to establish explicitly bounded conservation zones in which fishing activities shall be subject to the regulation and control of the United States. Where such activities have been or shall hereafter be legitimately developed and maintained jointly by nationals of the United States and nationals of other states, explicitly bounded conservation zones may be established under agreements between the United States and such other states; and all fishing activities in such zones shall be subject to regulation and control as provided in such agreements.

I take that to mean that if you have areas where the fishing was carried on solely by the nationals of the United States, then United States can make regulations dealing with the activities of the fishermen engaged on the particular area. On the other hand, if it is an area which has been fished not only by nationals of the United States but also by nationals of other countries, the control by regulation of the area must take place in consequence of an agreement arrived at between the countries concerned.

I mention these reservations in order to point out that proclamations alone will not cure the troubles of our Nova Scotia off-shore fishermen. I see no objection at all to the Canadian government issuing a proclamation which would follow the lines of President Truman's proclamation; in fact there may be a distinct advantage, because the mere assertion or declaration of our right to the control of fisheries over certain areas may of itself begin to establish a prior claim to those fisheries.

The banks with which the Nova Scotia fishermen are most concerned have I think been fished at times by nationals of other countries, and before any controls over the fisheries were exercised negotiations would have to be entered into with these other countries. At the same time there could be no possible objection that I can see to a declaration of our intention to establish conservation zones. The purpose will be to conserve the fish, and that is in effect the conservation of the food supply of a great part of Canada. It is proved, I believe, beyond question by those who have given scientific study to the matter that the new methods of fishing and constant fishing with those improved methods will deplete any fishery unless proper measures are taken for the control.

That brings up another question, to which the hon. member for Queens-Lunenburg referred, that of an improved patrol service on the fishing banks. I think that is really the immediate problem which now faces the Department of Fisheries. The proclamation can be made, and we can assert our rights in these international waters, but in the meantime the loss of nets and fishing gear will continue to go on. I suggest to the Minister of Fisheries that we might have considered by the government the amalgamation of the water services carried on by the government by the formation of a coast guard service or in some other manner. Five government departments maintain marine services at the present time, and this quite apart from those carried on by the navy. These services include the protection of fisheries, aids to navigation, lighthouses, the protection of customs revenue, hydrographic surveys and air-sea search and rescue work. The departments carrying on this work are the R.C.A.F., the R.C.M.P., the Department of Transport, the Department of Mines and Resources with its hydrographic section, and the Department of Fisheries.

Recommendations for the formation of a Canadian coast guard service have been made by the maritime marine federation, the Nova Scotia federation of labour and the white ensign association of Halifax. As was pointed

out by the hon. member for Queens-Lunenburg, maritimers are a seafaring people. Many of them earn their living by fishing on the high seas or serving as seamen. They are sea-minded; they have a natural liking for the sea, and the formation of a coast guard service would appeal to them. They are not alone in advocating the formation of a coast guard service. The commission on veterans legislation headed by Colonel Bovey found that a coast guard service would be justified, not only for the employment of discharged naval personnel but also on the grounds of actual need.

If the amalgamation of the water services of the various departments other than the navy is desirable, and I think it is, the most satisfactory solution would appear to lie in the formation of a coast guard service. The existence of so many departments maintaining marine services seems illogical and may result in some duplication of government expenditure. There is a further consideration. Ships for these various services could be of standardized design and adaptable for naval use. The ships could more easily become part of the navy in the event of an emergency. Furthermore, a Canadian coast guard could advantageously form the nucleus of an expanded service should the need arise in war time. The members of the marine section of the R.C.M.P. were incorporated into the navy at the beginning of the war. They made a great contribution and many of them served with great distinction. When hostilities ceased, the R.C.M.P. marine section was again absorbed by that force.

There is another consideration. An amalgamated service would be the logical instrument for the discharge of Canada's responsibilities in such international undertakings as air-sea rescue, ocean meteorological stations or other commitments of like nature which do not fall clearly within the work of a single department. During the war the R.C.A.F. had the responsibility for air-sea rescue service, and this service was operated by the R.C.A.F., assisted by the R.C.N. Under the terms of one of the conventions or agreements arrived at at the international civilian aviation conference held in Chicago in 1944, Canada undertook to provide such measure of assistance to aircraft in distress in its territory as it might find practicable. If we are to have a coast guard it might well be patterned on that of the United States. No other country has a similar service.

If anyone is interested in the activities of the United States coast guard I would refer him to the hearings before the subcommittee of the committee on appropriations when it was dealing with the coast guard appropriation bill for 1947. These proceedings set out clearly the functions of the United States coast guard both in war and peace. In war time it became part of the military forces of the United States and was operated by the navy. Under a directive issued by President Truman in December last it was directed that on and after January 1, 1946, the coast guard would operate under the department of the treasury. In other words, in war time the United States coast guard is part of the military forces of that country; in peace time it assumes its ordinary peacetime functions, such as the maintenance of aids to navigation, sea rescue activities, the enforcement of navigational laws at sea and along the coast and other such things.

In conclusion I would ask the Minister of Fisheries to give this matter consideration at an early day and bring it to the attention of the government.

Mr. GIBSON (Comox-Alberni): Mr. Chairman, once again the estimates of the Department of Fisheries are being brought up toward the close of the session. We maritimers all feel more or less like criminals taking up the time of the committee, but I ask hon. friends from agricultural ridings to continue to be patient. I am sure they will, because we have listened to them for many long weeks: we have heard all the wails of the agriculturist on the prairies, and sometimes listening to all their tales of hard luck it seems to me that Jonah must have been a C.C.F. farmer from Saskatchewan.

Mr. BLACKMORE: I am sure we are very much interested.

An hon. MEMBER: You cannot take it.

Mr. BLACKMORE: We can take it all right.

An hon. MEMBER: Take it with a sense of humour.

Mr. BLACKMORE: Let it be given with a sense of humour.

Mr. GIBSON (Comox-Alberni): I want to take this opportunity of congratulating the hon. member for New Westminster on the thoughtful, masterly and scholarly address he gave yesterday. It has not been my privilege while in parliament to hear a finer speech on fisheries. The minister would be wise to take into careful consideration his comments and observations and the data he provided. This is an important subject and should be treated accordingly.

I should like to refer particularly to the situation in Hecate strait to which the hon. member referred. Those waters have always been Canadian waters, and I think it was just an oversight that they were allowed to slip out of our control and be considered international fishing grounds.

The fisheries on the Pacific coast suffered a severe blow by the retirement of Major Motherwell, the chief supervisor. However, I am glad to know that the department is sending out Mr. Whitmore, who has been the western director of fisheries, to take over his duties, at least temporarily. The fisheries on the Pacific coast will be in most capable hands. I was glad to hear the minister say yesterday that he had plans for bringing along young men in his department so that they would be available to take the place of officials who might be retiring. There is only one way in which you can keep the right men in government service, and that is to pay them adequate salaries so that they will be available when needed.

For a short time I should like to discuss an important and urgent question involving the fishing industry of British Columbia. I refer to the salmon run on the Fraser river. I know the minister has given this subject considerable thought and I realize it represents a knotty problem. There are a large number of seine boats in Comox-Alberni, and the owners of these boats are waiting anxiously for some decision to be made in this matter. In view of the present very low salmon catch this year, unless the seiners get some consideration from the minister, it looks like a hungry winter for them. Hon. members are familiar with the disputes that occur between various branches of the industry and between the various types of boats and gear. When the steam trawlers came along, the old sailing boats resented them very much. Ever since the war we have been able to dispose of every pound of fish that we have been able to catch, but I must warn the minister that the time is rapidly coming, and I know he appreciates this fact, when Canada will once again have to go into the markets of the world and meet keen competition. It is not going to be long before Siberian salmon is again on the market, and Japanese salmon and Norwegian fish will also be coming on to the markets of the world. There is only one way in which we shall be able to meet that competition, and that is by having the finest quality of fish products to offer on world markets. I can assure the minister that, as I think everybody is well aware, there will be no sentiment in regard to traditional markets that we have been able to gain during the war. The buyers there will look at things from a strictly dollars-and-cents angle.

I would like to read a telegram that I have received with regard to the Fraser river fisheries. A great many members have received a copy of this telegram, but I should like to put it on the record so that the committee generally will be familiar with the situation out there. It is dated Vancouver, August 23, 1946, and reads:

> Further to our former representations re seining area seventeen at mouth of Fraser river. Present situation is that seine catches in areas contiguous to Fraser, namely, Johnston straits and straits Juan de Fuca, have been extremely disappointing to date in spite of visible evidence of substantial bodies of salmon passing through these waters en route Fraser. This run due in American waters this coming week and, as informed you previously, American seine fleet over double that of last cycle year. Our only possibility attain our full share this catch is to have boundaries for seine fishing as recommended by this committee. This committee consisting of fully accredited representatives of gill netters, seiners and industry fully prepared to control seining in gulf area that fair distribution of catch to be made between gill netters and seiners.
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> Our joint idea this regard, roughly two-thirds to gill-netters, one-third to seiners. This committee with full authority to exercise such control, willing and anxious work with governmental authorities for purposes of proper protection and conservation.
>
> Unless seining boundaries altered to permit proper seining in gulf this committee will disband and any eventuality in matter of dispute between types of gear, and any gluts and losses that might occur will be responsibility of fishery department and/or other authorities concerned. Extremely low present pack figures lowest in at least fifteen years indicate Canadian fishermen's earnings extremely poor to date and they feel unless above-mentioned boundaries revised our fishermen unable physically obtain their share of Fraser production as provided by international salmon treaty. Full significance must be given fact that in 1942 American effort ceased September first whereas this year they have no closure. Delay in obtaining decision is extremely harmful causing uncertainty and confusion. Every day that passes without decision means that necessary preparation for establishment and patrol of boundaries cannot be made, which will endanger proper control.

That is signed by Salmon Canners Operating Committee, which is the organization representing all the salmon canner companies in British Columbia, and by the Allied Workers Union, who are the bargaining agents for the fishermen, both seiners and gill netters, out there.

I am extremely sorry to have to disagree in this matter in some measure with the hon. member for New Westminster, who is particularly well informed on the salmon problems in British Columbia. He has been

an able and effective member of the international salmon fisheries commission, and has made a great contribution to the establishment and building up of the Fraser river salmon run. Naturally, of course, representing as I do Comox-Alberni, where there are mostly seine boat fishermen, I appreciate the fact that the member for Fraser Valley and the member for New Westminster must speak for the gill netters, who principally reside in their ridings, and with that I certainly have no quarrel. They have always been able very effectively to take care of both their fishermen and their fruit growers.

I have often heard the idea expressed, for some strange reason, that the seiners are the rich people and the gill netters the poor people. That probably is entirely opposite to the facts. The seiners are men who do not necessarily own the boat they are on; they are usualy working men, whereas most of the gill netters have an investment of from five to ten thousand dollars in their nets and seines. So if our socialist friends over there have any prejudice against capitalists, I would say that the seiners are less capitalist than the gill netters. The seiners out in British Columbia have tried to be very fair in this problem and have suggested that the regulations be made such that the gill netters get two fish to the seiners' one; that is, that the gill netters get 66⅔ per cent of the fish. The telegram I have read in itself indicates the desire of the seiners to be very fair.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. GIBSON (Comox-Alberni): Continuing from where I was when Father Time caught up with me at one o'clock, I believe the present difficulty arises over the Sloan commission's report made in 1939-40. At that time two problems were submitted to the commissioner for solution, one concerning the traps at Sooke, and the other with regard to allowing seining at the mouth of the Fraser river. It is interesting to observe from the figures what a small percentage of the Fraser river catch the seines have caught in the past, and despite the fact that the percentages are very low for fish taken by seine, the gill net fishermen feel that they have been allowed to take too many.

In 1933 seine boats took only 4·9 per cent of the catch; in 1934, 21 per cent; in 1935, 20 per cent; in 1936, they were not allowed to seine at all and consequently they got nothing; in 1937, less than one per cent; in 1938, 12 per cent; and in 1939 they took 14·75 per cent. That, I submit, proves how little the gill netters have had to complain about in this regard.

In his report Commissioner Sloan found, so far as the traps were concerned, that they were not unduly destructive of the salmon run and did not take more than a reasonable share. He pointed out that they were caught so far from the Fraser river that the fish were of very fine quality there. These lease traps are owned by one compnay, and it seems strange that a short time later, when the report was made that the traps should be allowed to remain there, another company applied for adjacent trap sites and the government refused these on the very grounds that Commissioner Sloan found untenable. It appears to me the same may be said as far as seining is concerned. I think that his findings with regard to seining at the mouth of the Fraser river are equally untenable.

When the commission sat, matters were brought to a head in the discussion of the 1938 salmon run. In that year only 1,500,000 sockeye salmon were taken from the Fraser river. Of that quantity, only 214,000, or twelve per cent, were taken by seine boats; nevertheless it brought a protest from the gill netters. This run has since been built up greatly through the efforts of the international salmon fisheries commission, of which the hon. member for New Westminster is a member, but it has also been built up by the expenditure of public funds in Canada, to which we all contribute, as well as by the restrictions that have been placed both on gill netters and on the seiners, all of which has resulted in an increase in the run.

This year it is expected there will be 4,000,000 sockeye taken as Canada's share from the same run. The run has been built up to such an extent from the level of 1,500,000 in 1938 that this year we shall have, it is expected, 4,000,000, or an increase of approximately 3,000,000 dollars in value; and as far as I have been able to gather, the gill netters feel that they are entitled to all the increase, notwithstanding the fact that it has been made possible by the restrictions on both gill netters and seiners and by the expenditure of public funds in this country.

What I regret particularly this year is that every stump rancher and office boy, every worker in the lower mainland area, has heard of the great run of salmon coming this year and therefore has obtained a gill net. Anyone who has a rowboat has a gill net licence and is there to get in on the harvest, and I

say that the regular fishermen—I mean the regular seine fishermen—should be allowed to participate in this greatly increased national asset which we have this year. It will be one of the great problems to be solved, as the international fisheries commission realizes, and as the minister also knows, to see that Canada gets its fair share.

It has been decided this year that if 12,000,000 fish come to the Fraser river the Americans should have 4,000,000, Canada 4,000,000, and 4,000,000 should be allowed to go to the spawning ground for reseeding purposes. The Americans have no inhibitions about using seines or modern gear. They have the greatest seine fleet in their history waiting for these salmon. No one knows what part of the sea the salmon come from, but they suddenly show up on the Swiftsure banks between Canada and the United States. They come from the ocean through our waters and go down for about three weeks in United States territory where there are few restrictions as far as seining is concerned, so that the Americans have a great opportunity to take their share of them.

It will be our problem to make certain that if they get their 4,000,000 we shall get our 4,000,000 also, and I know that the commissioners are concerned, as is the minister, that we should get a fair division of the salmon. When the fish leave United States waters they cross over to the Canadian side of the line and it is there that we hope to be able to seine some of these fish. The fish come to our waters and stay for about three weeks, playing around off the mouth of the Fraser river, gradually getting used to the taste of fresh water; but owing to tide and wind conditions they often drift back across the line, and there will certainly be a great fleet of American boats there waiting to trap the fish that happen to be foolish enough to go back to the United States.

I would point out that salmon playing off the mouth of the Fraser river for a period of three weeks are not eating during that time. It is one of the marked characteristics of these fish that they do not eat on the way to the spawning ground, and anything that does not eat for a period of three weeks certainly deteriorates in quality. I believe that Chief Justice Sloan was very remiss in his report in that he did not give us a definite recommendation as far as quality is concerned. I have been a fish buyer for twenty years and I know something about the quality of fish. I know that the moment fish get into brackish water they begin to deteriorate every day. For that reason I am sorry that Chief Justice Sloan did not see fit to make a definite recommendation in this regard. The only thing I can find in the report, as far as quality is concerned, is the following statement:

> There is no appreciable difference for canning purposes between the quality of fish caught by either types of gear in area 17.

That is true. It does not matter whether you catch a fish with a seine or hit it on the head with a club; if it is in the same water the fish will be of the same quality. I am not complaining about that. It is the fact that while these fish are at their peak in quality we are not allowed to catch them because we are trying to protect the man who lives fifty miles up the Fraser river, and we are only allowing the fish to deteriorate in quality so that he may have an opportunity to catch them. Such a thing is not sensible. I do not think we should allow political, sentimental or any other reasons to stop us from getting quality in our fish, because it is so important to the maintenance of the export trade.

The member for New Westminster has advised me that there is a possibility this year that the salmon run may be late, and it may be disappointingly smaller than we have anticipated. If so, I am heartily in accord with the fisheries department and with the hon. gentleman in that we should take every step possible to see that we have adequate seeding on the spawning grounds. I am all for conservation, and as I have pointed out, this run has been built up with great difficulty. I trust therefore that we shall take every precaution to see that nothing happens to it. I am of the opinion, however, that if the run is small or late, or if there are imposed upon the fishermen restrictions which are necessary for the preservation of the run, those restrictions should be imposed impartially on both gill netters and seiners. From the telegram I have read the committee will have a general idea of the views of the industry. Both the fishermen and the canned salmon operators have made joint representation that steps be taken to make this area available for seine fishing.

I would point out to the minister that another colleague of his got into a little trouble through accepting some of the findings of Chief Justice Sloan; he said that Chief Justice Sloan's recommendations were just, fair and reasonable. I often think that he wishes he had never made that statement. The minister would do well to disregard this Sloan report. I know he does not like to do that. I appreciate the fact that when a minister steps into a portfolio he has to follow the recommendations made by so-called competent authority, but I think he would be well advised to throw away the Sloan report and start off on an entirely new basis. Chief Justice Sloan was

reporting on a run of 1,500,000 fish, and therefore was interested in seeing that these gill netters of the Fraser river had enough to eat for the coming winter. But that run has now been built up. It is now a run of five million; therefore the minister could very easily see to it that regulations are made along the lines of those recommended to him by the industry in general which will allow a fair division of the catch.

Mr. SINCLAIR (Vancouver North): I should like to follow up the remarks already made by the other British Columbia members on the fisheries department's general estimates. Before doing so, however, like my other colleagues, I should like to congratulate most heartily the hon. member for New Westminster upon his thorough and searching analysis of our position as to fishing on the continental shelf, both on the Atlantic and Pacific coasts. It is an analysis which should be studied closely not only by the Minister of Fisheries but also by the minister of external affairs.

We have had a fine example of international cooperation on this continent. We are proud of our long undefended international boundary. Of all forms of international cooperation I think the cooperation between the Americans and the Canadians in the Pacific fisheries reaches a high which should be worthy of emulation by any other country in the world. There is no antagonism at all. We have pooled our resources; we have set up these international joint commissions to control both sockeye and halibut fishing. The Americans have spent a lot of money in Canada building up fisheries which will be used both by themselves and by Canadians. Certainly this is true on the Pacific coast of fish which spawn either in Canada or in the United States or in offshore waters. To us in British Columbia it seems a most unfortunate situation that the United States and Canada cooperate to conserve the fish, to encourage the propagation of fish, and then countries like Russia and Japan on the Pacific and Spain and Portugal on the Atlantic are allowed to come in and plunder them by ruthless fishing on the continental shelf. I suggest to the Secretary of State for External Affairs that he should study the speech of the hon. member for New Westminster, especially that part of it in which he suggests that since the United States and Mexico have proclaimed the continental shelf of United States and Mexico, American and Mexican territory, we should be considering the same thing in Canada.

I should like to say a word or two about the excellent work the fisheries department is doing, and especially to commend the minister for his announced plan of increasing his staff by at least one hundred young fishery recruits. Excellent work has been done in British Columbia by his research staff. They have been exceptionally good in advising the fishermen and the industry in regard to the processing of fish and in the use of fish. They have not been perhaps quite as helpful in their biological studies. There is still too much about western fish that neither the fishermen nor the industry really understand. May I give one example? It is that of the new anchovy fishing, which is being done for the first time on the west coast this year. I am especially interested in anchovy fishing, because the two canneries which pack them are in my own riding. But where the anchovies come from and where they go is entirely unknown to the fisheries department and the fishermen themselves. Therefore in the process of expansion of his department I urge the minister to make a more generous contribution toward the expansion of the biological division of his research department.

I should now like to offer just one word of criticism of certain methods of the fisheries department. I am glad the Minister of Justice is in his place, because it involves him perhaps more than it does the Minister of Fisheries. During this session we have heard a great deal on the invasion of the rights of British subjects, particularly with regard to the espionage trials. I have been thinking that some of our west coast fishermen are treated much worse in so far as their rights are concerned in the matter of trials than were the people who appeared before the royal commission on espionage. Let me explain what I mean by that. Up in the north end of my riding there is a very large fishing ground called Rivers inlet. In the area there are regulations which say, for example, that a fisherman must fish within certain boundaries. In areas where strong tides run or where there are high winds the fishermen on occasions may drift over the boundary. Quite often the fisheries department allege he has drifted over the boundary, and the fisheries inspector or guard who arrests that man does not take him before an ordinary magistrate or judge and charge him with an offence. He is brought before the fisheries supervisor who is put there by the fisheries department, and he is told that he can be tried right there or his gear will be confiscated and his licence removed until he can be tried in the fall before a regular magistrate. Just think of the position of a man who is three hundred miles away from the nearest magistrate. He is told that he can

plead guilty, and be fined $50 or $100 and that he can go back fishing the next morning, otherwise he must wait until the fall but in the meantime he cannot fish, although it is the height of the fishing season. In these circumstances you can well understand what the fisherman will do. He pleads guilty, even though innocent, because it is cheapest. The best example of that is the record of fisheries prosecutions in the Rivers inlet area. I doubt very much whether more than one or two have pleaded not guilty before the fisheries supervisors in the past two or three years. Fishermen would far rather plead guilty, pay the $100 fine and get back to fishing the next day, than wait till the fall to be tried in Vancouver or some other place, and in the interval be stopped from fishing. May I give an example of how it would affect prairie members if the same thing happened in their section of the country. If you grew a little grain just outside the boundary of your farm, the local policeman would come along and arrest you and would take you to the chief of police, not to a judge. The chief of police would say, "You can plead guilty now and pay a fine of $50 or $100; otherwise I will take away your harvesting equipment from you; I will not allow you to harvest your crop until all the other farmers have harvested theirs; and then often your crop is destroyed. You can appear before a magistrate in your community and have an ordinary trial." That is the condition which the fishermen have accepted up until now. The time has come when we should have a circulating magistrate removed from the fisheries department to administer proper justice. I submit it is not fair that these fishery supervisors should be conducting summary trials. The situation is not grave near Vancouver, because there are magistrates in that city, but in the north end of my own riding and in the riding of the hon. member for Comox-Alberni, where some of the principal fisheries of British Columbia are located, that is the situation, and it is not good enough. When the minister comments later I should like him to touch on this subject of summary trials by fisheries supervisors.

Members from eastern Canada may have been a little puzzled to-day to see members from British Columbia disagreeing with each other. Generally we all present a united front, but to-day the hon. member for Comox-Alberni disagreed with the suggestions of the hon. member for New Westminster and the hon. member for Fraser Valley with regard to gill netters. When the hon. member for Fraser Valley and the hon. member for New Westminster speak a little later I am sure that they will offer rebuttal. The answer, of course, is that in the riding of the hon. member for Comox-Alberni the fishermen are chiefly seine fishermen; in the other areas they are almost entirely gill netters. To those who are not familiar with fishing may I say that there are just three principal methods of fishing for salmon on the west coast. There is the small boat which has a gill net perhaps a hundred yards long. The net is laid out from the boat and the salmon run into it and are caught by the gills. Obviously that fishing must be done at night, or, in the alternative, in muddy waters, because otherwise the salmon see the net and avoid it. A much better way of fishing is to find a school of salmon, lay a long net around the school, pull the bottom tight, forming a purse, and lift the salmon out. That is seining. Finally, the best way of catching salmon is undoubtedly the fish trap, where a large fixed trap is built out from the shore, and as the salmon come from the sea along the shore they go into the trap. Undoubtedly the trap provides the least employment in terms of men. The gill net provides the most employment, but we must think not so much in terms of what fishing will supply in terms of employment, but of which is most efficient in view of conditions five or ten years from now, when we shall have to compete on the world market with Russian and Japanese salmon, because the Russians will use traps, not gill nets.

As the hon. member for Comox-Alberni has said, the Americans catch their half of the Fraser river salmon with seines. The situation is exactly as though, to refer to the prairie provinces, there were a law in Saskatchewan forbidding the use of combines to cut wheat, and requiring that all wheat be cut with a hand sickle and threshing be done by oxen, as in biblical times, in order to provide more work. That is all right if you have a closed economy, but if British Columbia is to compete again on open world markets, as we had to do in the years before the war, we must fish economically. I suggest that the time has come for the departmental officials to give leadership to the fishermen and point out that salmon fishing, which has been so wonderful during the war years in the way of returns, because we could sell every can of salmon we produced, is going to compete in the post-war years with the same Pacific salmon caught by Russia and Japan, and that these gill netters should start to do as all American gill netters did years ago, and turn their thoughts to seining Aside from that I do not propose to enter into the controversy

between the hon. member for Fraser Valley and the hon. member for New Westminster as to the relative values of gill netting and seining.

I should be glad if the minister would give in his reply some indication that fishermen fishing in the rivers off the west coast of Vancouver island should have the right to plead not guilty to an infraction of fisheries regulations and be tried by their magistrates without their gear being impounded and their licences removed until they are found guilty or not guilty.

Mr. CRUICKSHANK: I am in a rather embarrassing position. To-day I have to follow and disagree with two of my colleagues from British Columbia who happen to be my closest personal friends. I have one advantage they do not have—or maybe it is a disadvantage. For reasons known only to myself they had to make good speeches to-day. I do not have to.

Mr. SINCLAIR (Vancouver North): You could not.

Mr. CRUICKSHANK: The hon. member is unkind to me; he says I could not, but I will not show him up by making one of my usual good speeches, only a normal one, which will still be better than his. When he told us about the anchovies, I wondered if any hon. member had ever seen an anchovy. It is a baby sardine, and a baby sardine, as I understand it, is a baby salmon. Incidentally, for the benefit of some of my hon. friends I am not an expert on fisheries. I have had more interesting things to do than to watch the love life of anchovies; I do not know whether they have love nests or not. But I have had a few samples of the finest salmon in the world sent to me from British Columbia. Whether I was being lobbied or not I do not know. By the way, speaking to the hon. member for Rosetown-Biggar, I have some chickens on my farm for which I would welcome some wheat from Saskatchewan. So far the maritimes have not sent me any tins of lobsters; I am still waiting, and I should be glad to receive them.

The hon. member for New Westminster is the greatest authority in this House of Commons on fish, and he will speak in detail on my behalf, as to why the hon. member for New Westminster and the hon. member for Fraser Valley are opposing the use of the seine in favour of the gill net.

Mr. SINCLAIR (Vancouver North): Would you know yourself?

[Mr. J. Sinclair.]

Mr. CRUICKSHANK: I did not interrupt the hon. member for Vancouver North, because I wanted to give him every chance in the world to try to make a good speech. And as the hon. member for Temiscouata is not here to advise me to-day, I hope the hon. member for Vancouver North will help me by not interrupting. I am going to give some of the reasons why I am opposed to the use of seines and am in favour of gill nets.

One of the most practical reasons is something which members of all parties will appreciate, in spite of the fact that they may deny it: we are all interested in votes. We are accused of talking politics. All right; frankly I am talking politics.

Mr. BENTLEY: Do you use gill nets for that?

Mr. CRUICKSHANK: I would use gill nets or anything else. One reason I received one hundred per cent of the fishermen's votes in my riding is that I have been fighting for the fishermen, not for the canners. And one reason I am in favour of gill netting is that we have more employment through gill netting. Ninety-nine per cent of the seine boats are owned by the big canning interests. One hundred per cent of the gill nets are owned by individual fishermen. The average gill net boat with net costs $1,500 to $2,000. I do not know what a seine net boat costs, but is is a much larger amount of money. To the best of my ability I am attempting to support the gill netters of my riding, and I have many hundreds resident there, although they do not necessarily fish there all the time. One hundred per cent own nets, and ninety per cent are veterans of this or the last war. We recognized as a government that we should encourage these men; under the Veterans Land Act we enable them to borrow the capital needed to go into the business. Therefore why we should by any manner of means detract from their opportunity to earn a living I cannot understand.

There is a very appropriate name for Vancouver North, given to a place which happens to be situated in my riding. The life or death of the salmon business on the whole Pacific coast depends on a district which, as I have said, has a name far more appropriate to some point in Vancouver North or Comox-Alberni: It is "Hell's Gate." But for the improvements which the international commission of which the hon. member for New Westminster is a member put in at this gate-

way, you would have no salmon fisheries in British Columbia or on the Pacific coast. Hell's Gate happens to be situated in my riding.

The salmon industry works with the seiners. Admittedly if you put in a seiner you take all the fish out, whether edible fish or not; that net gathers in all the fish which happen to be in that particular area. As I understand it, although I am ready to be corrected, the only net which allows for selective fishing is the gill net. That is the second reason I am particularly interested in it. I would point out to hon. members, and again I am speaking from memory, that prior to 1913, I think it was, we had the slide at Hell's Gate caused by the Canadian National, and had it not been removed, the revenue to the people of Canada from the salmon industry of British Columbia would have been much less than $41,000,000. We went to all this trouble and expense internationally to remove the slide in order that the fish might come to their little love nests in Adam river and elsewhere. Why should we now, by any legislative act, curb the operations of the gill netters? I will leave it to the hon. member for New Westminster to enlarge on this matter on my behalf, as he is more familiar with it. After all, what we are interested in is to obtain enough fish for our food and a fair share of the external market on an international basis with the United States, without worrying about the seiners.

I have no particular quarrel with the canning industry. But these gill netters, according to the figures given us by the international fisheries commission, are quite capable of looking after the present cycle of fishing. I want to be fair about it. One of the unions in my own riding has wired and written me asking me to change my stand. Again I am like the hon. member for Cape Breton South, the only difference being that he has never given that advice to his union. They will have to show a much stronger reason than they have shown thus far before I will make any change in my opinion.

So far as the Fraser Valley riding is concerned, we are definitely and unalterably opposed to the use of seine fishing at the mouth of the Fraser river, and we are definitely opposed to any alteration in the report of the Sloan commission. The Sloan commission was credited with making the finest report ever brought in with respect to fisheries on the Pacific coast. The author of that report was also asked to make one with respect to reforestation, and he was thought of so highly that he was asked to advise with respect to labour legislation in western Canada. In the Fraser river valley I can see no reason as yet why his recommendation should be altered in any shape or form.

Mr. REID: Mr. Chairman, it is unfortunate that consideration of a subject, as important as this has been left until the tail end of the session. I must say in fairness, however, that it is not the fault of the Minister of Fisheries, because for at least the past two weeks he has been prepared to bring his estimates before the house, although they were reached only yesterday.

First of all, before asking the minister one or two questions I have in mind, I should like to reply briefly to some of the statements made by the hon. members for Comox-Alberni and Vancouver North. To-day history repeats itself in the House of Commons. I am reminded of the old seine and gill net fight which took place in the house when I came in the early thirties. I need not repeat the facts respecting the three types of fishing mentioned by the hon. member for Vancouver North. However, the seine boats which are spoken of to-day were not allowed in those areas from the days of confederation until about 1933. The argument put forward by the seine boats in those days was that the variety of fish caught—not the sockeye salmon, but a variety of fish known as the pink salmon—had better value if they were caught out in the open water where the American seiners were fishing, or in close proximity thereto. So in the year 1933, for one variety of salmon only—not for the sockeye but for the pink salmon—those seine fishing boats were allowed into the gulf of Georgia. I predicted, and it has come true, that if the seine boats were ever allowed to go into those areas in the gulf of Georgia they would not stop at fishing for pinks, but they would want to get sockeye and all other varieties as well.

The fight was carried on here in the House of Commons year after year. Each year when the estimates came up we battled it out, until the matter was placed before the fisheries committee. There the battle was continued. Entering also into the picture in those days was the matter of traps. As was pointed out by the hon. member for Vancouver North, there are three types of fishing—trap fishing, seine fishing and gill netting. If you want to get the best quality of fish and to get it in the cheapest way, you do it by traps. But everyone who is looking toward the giving of employment will, for more than one reason, be in favour of allowing fishermen to catch their fish by gill nets.

In answer to one of the arguments put forward to-day, even if one catches fish with

seines he is not cheapening the cost of the fish, because all fish are paid for at the same price by the cannery men, whether they be caught by traps, by seines, or by gill nets. So the question of price does not enter into it at all.

We fought all this out in the fisheries committee, with the result that it was decided to place the entire matter in the hands of a commission, and Mr. Chief Justice Sloan was given the job of looking into it. Public meetings were held in three of the important towns or cities including New Westminster, to which all interested parties were invited. There, they had the opportunity to air their views fully. The commissioner, following the investigation, then placed his recommendation before the government in 1940, a copy of which I have in my hand. He recommended that the seines be confined to a small area in the gulf only. Now we come to 1942; and under the excuse that more food was required for Great Britain and other countries, seines were allowed into a larger part of the area. This is now the fourth year since 1942, the year of the big run —it takes place every four years—and of course the seines want to get in there again. When the hon. member for Comox-Alberni says that the seine fishermen were asking for something that was fair, I must conclude that he has not read the correspondence which has come to the department, because not only are they asking that the area be allowed to an extent similar to 1942, but they are asking that they get right back to the position in 1933, and take the whole thing right up to the mouth of the Fraser river.

What did they do when they were in the mouth of the Fraser in 1933? They cut the fishermen's nets. Gill net fishermen could not fish in there at all because of the number of seines in the area. Then the matter of quality arises. The commissioner invited cannery men to give evidence in this particular. They did not try to prove nor could they prove that fish caught with one type of gear were better than those caught with another type. As a matter of fact the fish from the two or three types are usually dumped on the wharf at one time, and one can not distinguish whether fish had been caught by gill nets or by seines.

As to the point made about fish with no food inside them being of better quality, I believe there may be some validity in the argument, as it has been put forward by the hon. member for Comox-Alberni, in regard to pink salmon. Pink salmon may deteriorate as they go farther up the river. But I can say now without fear of successful contradiction that the sockeye salmon that is caught right up in the Fraser river, and as far up as the constituency represented by the hon. member for Fraser Valley, produces the finest quality of canned salmon that can be found anywhere. That has not been disproved. As a matter of fact it has been found that the salmon are of better quality when there is no food or feed in them. I am sorry we have not more time to go into this matter at greater length, but owing to the nearness of the end of the session one does not have an opportunity to give as much time to the subject as its importance demands. It is a question, however, of the greatest good to the greatest number.

We are accused of fighting for the individual fisherman. Let me point out that seine boats have been proven to be large, mobile trap nets. Nothing escapes, once the circle goes around the fish. Immature fish and all other kinds are caught within the seine net. We claim that not only does the seine net catch immature fish, but that it interferes with schools of fish by breaking them up, and delays their progress up to the spawning beds. That is our contention. So it is not a matter of our fighting politically, although even if we were fighting politically I cannot see any disgrace in fighting for the people one represents. Surely one need not apologize for that. I approach the matter, however, on broader grounds—because there are fishermen in my riding who operate or work on seine boats; but a greater number of them operate and own their boats and gill nets.

I do not know whether I have answered fully the statement made this afternoon, but I draw the minister's attention to the fact that there should be a better reason for opening area 17 this year than was given in 1942. The minister has the report of the royal commission which investigated the matter fully, and I say the conditions have not changed since that time.

I shall pass on to one or two other matters which I have in mind. Have any steps been taken by the minister's department to popularize the consumption of fish? It is a remarkable fact that during the war the consumption of fish dropped considerably in Canada. I have the authentic figures given by one of the departments in Ottawa.

Mr. BRIDGES: I wonder if the hon. member would take that up under item 79.

Mr. REID: Very well, I shall do so. In pre-war years our per capita consumption of fish amounted to 11·9 pounds. By 1944 the per capita consumption had dropped to 9·8 pounds.

An hon. MEMBER: Is that per year?

Mr. REID: Yes, that is the per capita consumption. It is less than any other country.

Mr. MacINNIS: Would the difficulty in getting canned salmon in Canada during the war years have anything to do with that?

Mr. REID: I am not sure. The same reason would have to be given in relation to consumption in the United States, because it dropped there as well, and the canned salmon must have interfered with their consumption.

Mr. WARREN: Do those figures take into account the very fine fish we get from Mink lake and other lakes in North Renfrew?

Mr. REID: One always likes to hear a member get in a word for his riding. I have no doubt that wonderful fish are caught in that district, but they are caught by sportsmen, and the figures here apply to consumption from commercial sales. I simply want to draw to the attention of the minister what other countries are doing with regard to the sale of fish. For instance, in Newfoundland they are starting an air service to deliver fish so that it will reach the public as fresh as possible. The same thing is being done in Southern Ireland, where they intend to fly fish and fish products right across to England so that the public may obtain these in as fresh a condition as possible. This is bound to create a greater market for their fish. Perhaps the minister when he speaks will tell us what steps are being taken in that direction.

I should like to deal with a matter mentioned by the hon. member for Vancouver East, the depletion of our fish. In 1944 the department received a brief presented on behalf of twenty companies and the fishermen's union, which drew attention to the fact that the fish in almost every fishing district in British Columbia were becoming depleted and production was gradually going down. I have said to many returned men, and I say it now to the minister, that it would be unfair to encourage many more men to enter the fishing industry on the Pacific coast. At the present time that industry has about all it can stand profitably. I believe there are now something like 4,000 gill net boats down in the Fraser river waiting for the great Adams river run of salmon which is now heading through the straits to the spawning beds in the upper reaches of the Fraser river. It is not entirely correct to tell ex-service men that there is a great future for them in fishing. Only so much fish is available in each year and the greater the number of the men that enter the industry, the less there will be for those already in it.

I should like to draw the attention of the minister to something which was mentioned yesterday. Our share of the world production of fish is very small indeed. We have done practically nothing to develop fishing away out in the open waters. I notice that the United States has taken steps to encourage new types of fishing and have besides discovered various new kinds of fisheries off the shores of Washington and Oregon, and also off Alaska. They have discovered sardines, herring and other types of fish, and are taking steps to encourage their fishermen to leave the inside fisheries and go out into the open waters. If we are to encourage men to enter the fishing industry, something more will have to be done, and I am suggesting that they be assisted to go out into the open waters on the Pacific ocean and catch varieties of fish available there rather than to keep close inshore and thus cut down the livelihood of those already in the industry.

Exports of fish are down. We did export a considerable amount during the war, but exports have fallen off over a number of years. It may interest the committee to know that in 1879 there were more men employed on the fishing boats on both coasts than there are at the present time. It may be true that they are catching more fish by better and improved methods, but the fact remains that if we are looking at this matter from the employment point of view, our fisheries will have to be developed with a much wider outlook than that which has prevailed during the past fifteen or sixteen years.

When the minister speaks I should like him to deal with this matter and to tell us also what steps are being taken to make fish more readily available to the public. Besides the need for new blood in the department in the way of fisheries experts, we need a more vigorous policy. I have here a calendar put out by the Health League of Canada. The picture here shows milk, meat, bread, eggs, cheese, beef, carrots and potatoes, but not one picture of fish.

Mr. BRIDGES: What is the Health League of Canada?

Mr. FRASER: It is sponsored by the dominion government.

Mr. REID: All I know is that this is printed in Toronto, so you can judge for yourself.

Mr. CRUICKSHANK: Is there any soap on that calendar?

Mr. REID: No, there is not. There is a need for an awakening on the part of the officials of the department if we are to sell

more fish to our people. We shall have to see that the fish is made available in a fresher state. There is more protein value in fish than there is in any product produced on the land, and I shall have a little more to say about that when we reach the item.

Another matter: What is the department doing about the production of fish flour? South Africa is producing fish flour, and it has been found that the addition of this flour in the manufacture of bread makes a more nutritious product. I am bringing these matters to the attention of the minister so he can make a note of them and see that steps are taken during the recess to carry on such investigation as may be necessary to have them implemented.

Mr. BRYCE: Mr. Chairman, I expected that this debate would be finished some considerable time ago, and as I had to attend a committee meeting I sent my questions in written form to the minister in order to save time. However, having listened to hon. members from British Columbia and the Atlantic coast I feel that I must rise to congratulate them upon the wonderful story they have told. It has been a great education for me. I have never visited British Columbia, but I am hopeful of doing so soon. I have heard about salmon, I have heard about lobsters, I have heard about sardines, and it has all been new to me. If the fisheries of Manitoba were not under provincial jurisdiction I would like to tell the committee how wonderful the Winnipeg goldeye, the Winnipeg white fish and the Winnipeg pickerel are.

I concur in a great deal of what hon. members have said regarding the fishing industry as a whole. The member for Charlotte talked about the price of fish, and that is what the fishermen are really concerned about—the price. I hope that the minister will see that the fish support board does a real job. I do not know whether he has a fisherman on the board; if not, I think he should have, because the fishermen have a real interest in the work of the board. We had an instance of the value of that when we saw various hon. gentlemen getting up in this house and talking about the fishing industry which they really knew something about. We should have men like that on the board, and then I think the fishermen would get better justice done to them than they have ever had before. If the price can be maintained in wartime it can be maintained in peace. The surplus fish should become our necessary reserves in cold-storage plants. It will perhaps be a new way of doing business, but if it is a good way, the government could provide the cold storage and other facilities required.

I congratulate the minister upon bringing new blood into his department. I think it will work for the benefit of the fishing industry in general. I shall not take any more time. I have given the minister my questions; I know he will answer them as he has done in the past, and that is quite satisfactory to me.

Mr. BENTLEY: I have listened with interest to the speeches made by hon. members on the fishing industry. Sometimes hon. members of this house must have felt a bit bored when members from the prairies pursued their agricultural objectives, but I want to assure these gentlemen that we have been profoundly interested in the problems of the fishing industry, and I should like to congratulate them upon the way in which they have presented them. I know that my constituents will feel equally interested with me if I can explain from the *Hansard* report of my hon. friend's speeches what they have tried to tell us. We would not offer any solution, because obviously there is disagreement among hon. gentlemen who have spoken, and probably honest disagreement. But I can assure them that so far as our people on the prairies are concerned, anything they can do to help the fishermen of British Columbia and the maritimes will be done without question. We appreciate what they have told us.

Will the minister be good enough when making his statement to tell us whether items 78, 79 and 90 will be applicable to the provinces and to our very small fishing industry in Saskatchewan?

Mr. FRASER: I am not going to make a speech on the fishing industry, because we have no commercial fishing in my riding. It is a paradise for those who want fishing for sport. But in my riding there are firms which supply the fishermen, and therefore I am very much interested in commercial fishing. I understand that during the last year our foreign markets for fish have dwindled. I would like the minister to explain why, if he can give us the reason. Perhaps the minister would also tell us whether his department or the Department of Trade and Commerce is out after new markets for our commercial fish, and why it is that we have lost these markets. Is it on account of price, or on account of quality? Is it because of poor inspection on the part of the department here?

I should also like to know what quantity of British Columbia salmon is to be exported this year, both frozen and canned, and what quantity will there be for home consumption. During the war years the Canadian housewife has not seen a can of salmon, although we are supposed to have had some 200,000 cases on the domestic market last year.

The member for New Westminster mentioned the drop in the domestic consumption of fish during the past few years. The riding of Peterborough, which I represent, during the last few years has received fish from the Atlantic and the Pacific, but mostly from the Atlantic, and it has been of extremely poor quality. That is the reason why in my opinion the consumption in Canada has dropped. The best quality has been exported and the poor quality kept at home. I have heard not one but a number of housewives say in the fish stores: Why can we not get some decent fish?

Mr. ISNOR: What kind of fish is the hon. gentleman talking about?

Mr. FRASER: Salmon.

Mr. ISNOR: Canned?

Mr. FRASER: Any salmon, frozen or fresh.

An hon. MEMBER: From Gaspe or British Columbia?

Mr. FRASER: We seldom get British Columbia salmon. The hon. member for New Westminster brought out another aspect of the matter, namely, the preparing of fish. I think that the department should put out a really attractive folder, not a half-hearted one, but one that will really show the housewife in how many ways British Columbia salmon, for instance, can be attractively cooked and served.

Mr. CRUICKSHANK: You can eat British Columbia salmon raw and it is still good.

Mr. FRASER: I have eaten raw fish caught off the island of Hawaii, sliced thinly by the natives in their little boats and put between two slices of bread. I was nearly starving and I ate it, but I have never tried British Columbia salmon that way. I would emphasize the necessity of getting out, not a book, but an attractive folder showing how to cook different kinds of fish and then distributing it among the fish stores, particularly in central Canada, where it would be made available to the housewives, thus letting them know in how many attractive ways fish can be cooked and served.

Mr. BLACKMORE: I desire to express my appreciation to the members from British Columbia and the maritimes for the able way in which they have presented their opinions. The only one regret I have is that they have not elaborated on their problems because we have reached so late a stage in the session. Next year they should make up their minds to present their case one hundred per cent, no matter how late the estimates may be brought in. They have a case, and a very important one, and it ought to be presented in a thorough and effective manner. So far as I am concerned they have a standing invitation and a welcome to take all the time they want to air their problem so that we can come to an understanding of the various aspects of this important fishing industry in Canada.

In a country as large as ours, with such varied interests, each area is apt to forget the importance of the other areas which constitute the rest of Canada. We cannot hear too much about the facts pertaining to the industries of the country. This country either stands or falls as a unit. I have always rejoiced that there was at least one member in the house from the two central provinces who appreciated the necessity of seeing to it that all Canada was prosperous. I refer to the member for Davenport. How many times has he not stood up in the house and told us that you cannot have a prosperous industrial Canada unless you have a prosperous rural Canada? And I am sure you cannot have a prosperous industrial or rural Canada unless you have a prosperous maritime Canada. We stand or fall as a unit. Our interests are integrated; they form a closely woven pattern.

The questions of price and of markets are troubling fishermen just as they are troubling the producers of wheat and other agricultural and primary products. I am not minimizing the importance or the difficulty of the problem involved, but somehow in this country we must devise ways and means of guaranteeing a market so that the people who produce will know that they will always have that market, and of guaranteeing a minimum price so that they will know that they will have a price at least above a given floor. I see no way in which this can be done except by dominion government subsidies.

The hon. member for Charlotte was, I believe, on the right track last night when he submitted that there must be a floor under the product. There is, I repeat, only one way in which that can be done, and that is by dominion government subsidies. We must face the necessity of providing such subsidies, just as in the west we expect a subsidy under the price of wheat, and we shall expect one under

the price of meats and other primary products. It will involve a good many details and technical studies of monetary affairs and all that, which we do not wish to go into at the present time.

There is another matter which is quite important, and that is the question of seeing to it that the man who does the work gets the pay for doing that work. Unquestionably the man who is entitled to the major portion of the income from fishing is the man who goes into the water and catches the fish. Measures must be taken to see to it that that man gets the major portion of the income from fishing. Such has not been the case up to the present time by any means. The necessity for it was well brought out by the member for Charlotte and other members in their speeches. What public or social mechanism must be established in order to give the guarantee to which I have referred is a matter for grave consideration by the members of this house, and particularly by members who come from the areas affected. If they will devise what they consider to be an effective mechanism, and then come to the house and speak boldly and straightforwardly and tell us what they think has to be done, and how it must be done, they will find that they have earnest listeners at least in my group, and I am sure in the group to my right, who are deeply interested in such matters.

It may be necessary for the fishermen in the maritimes to organize themselves into a pool, probably a great cooperative producing organization, a great cooperative processing organization, a great cooperative marketing organization. It was facing problems such as the maritime fishermen face that caused the people of Alberta and Saskatchewan to build the great pools like the Alberta wheat pool and the Saskatchewan grain growers organization. It may be necessary for the people in the maritimes to organize a pool the object of which would be to purchase the product and process and market it where necessary. They may require a good deal of government assistance to that end, and a good deal of leadership to attain the objects that must be reached. I have often been impressed by the way the British Columbia fruit growers have gone about their problem. The member for Kootenay West has told us several things about what they did. They almost remade the situation for the fruit producer in British Columbia by attacking their problems cooperatively. They grade and market and control the industry cooperatively. The same may be necessary for the fishing industry.

[Mr. Blackmore.]

I will say no more at the present time, but I assure members representing the maritime constituencies that when they present the problems of their constituencies they are not speaking to deaf ears or inattentive minds.

Mrs. STRUM: I am not going to take up more than a few minutes. I am merely going to tell you why housewives are not buying more fish. It does not matter how good your cook book is, if you smell your fish when you begin to unwrap it you will not like it, and I think this particular phase, the consumption of fish, is going to narrow down to distribution. I am sure that people on the prairies love British Columbia salmon, and when we go to British Columbia we haunt your sea food places. We have feeds of oysters, crab and fresh cod fillets, and I am equally sure that if we went to the maritimes we would do the same thing; we would want to get our fill of the excellent sea foods that abound in those waters. But there are thousands upon thousands of people who live far from the source of these sea foods, and our greatest difficulty has been in getting sea food that is really attractive. We could depend on canned salmon and canned sardines, because the time lapse between the moment when the fish come out of of the sea and the moment it went into the cans was controlled. But the time lapse between the moment the fish goes into the refrigerator car, or whatever it is they use to ship the fish in, and the journey over the prairies to the local butcher shop, seems to be a sort of indefinite quantity. I think the quick freezing method is something that should be explored, and research should be carried on in the interests of the Canadian family. We can go to almost any store and buy fresh frozen peas, blueberries, strawberries or corn on the cob and take them home and have the very finest flavour, colour and texture preserved in that way. I think that quick freezing applied to sea foods would preserve the freshness as nothing else would, and I would urge the minister to try to do something about the handling of sea foods for people remote from the coast. In our country we confine our fish season to winter because then we get fresh frozen fish. It is the only thing we can trust. Fish can be like the curate's egg—good in spots. You only need one feed of that sort of egg or that sort of fish, and you do not want to see it again in months. One batch of not-so-fresh fish can ruin your appetite for that commodity. We want your fish. We like it and we have far too little of it. We would

buy it if we could buy it in such a condition that we could be sure when we served it our families would like it.

I wish to assure hon. members that we are also interested in the incomes of the fishermen. I have been fascinated by the story of fishing. We are deeply indebted to hon. members who have given us so much information on this matter yesterday and to-day. I wish to assure them that we want good homes in the east and in the west; we want good family incomes for fishermen. We do not want poverty-stricken fishing villages any more than we want poverty-stricken prairie villages. But I shall not attempt to tell hon. members how that should be accomplished. From the point of view of the housewife we would buy fish if we could really enjoy the fish that we buy. Until the quality, the method of handling and transportation are improved and treated differently, we shall not promise to buy fish that we can smell.

Hon. H. F. G. BRIDGES (Minister of Fisheries): I had hoped that it would not be necessary for me to make any statement on the first general item of the estimates. Having listened to the general remarks of the various members for a period of about four and a half hours, I have a feeling that it would be difficult for me to reply to all the questions and suggestions which have been made. However, there will be another opportunity when certain individual items come up, and I can make some remarks on those items. In the meantime I seem to have been pressed to make a few remarks on this occasion, and I do not wish to disappoint hon. members by not doing so. At the same time I have a feeling, as I said before in committee, that one does not wish to make a speech with the result of blocking his own estimates. I am perfectly frank about that.

First of all I should like to congratulate most sincerely and most heartily the speakers whom we have heard during consideration of these estimates. I would say without hesitation that two of the hon. members who dealt with international problems and the problem of the continental shelf, the hon. member for New Westminster and the hon. member for Queens-Lunenburg, one from the west and the other from the east, excelled themselves. The speeches which they delivered on an intricate and ticklish subject were most interesting and instructive. I listened to other speeches with a great deal of interest. They offered criticism of a constructive nature, and this, I assure hon. members, I do appreciate. In a way I am pleased that we should have had so much interest taken this year in the estimates of the Department of Fisheries, even though they have been presented at such a late date. For many weeks I have been most anxious to get these estimates before the committee, and even at this time, considering other estimates which have to follow, those of the Department of Fisheries have not been placed anywhere near the last position.

May I come back to the questions raised by the hon. member for New Westminster and the hon. member for Queens-Lunenburg. These are really international questions, and no doubt will be dealt with when the estimates of the Department of External Affairs are before the house. The question of the continental shelf is a most interesting and ticklish one, and one which will require a great deal of study. I cannot do more than assure hon. members that the matter is receiving not only the study of my department but also the study of the Department of External Affairs, which has been consulting my department in this matter. However, if any announcement is to be made or should be made concerning any policy of the kind, it would be, as hon. members know, a matter of high government policy and the announcement would eventually be made by whoever is presiding over the Department of External Affairs. I therefore tell my hon. friends that I cannot say very much about the question of the continental shelf.

I was interested in the remarks made by the hon. member for Charlotte. Several constructive suggestions were made by him. As to the work of the fisheries research board and the question of lobster hatcheries, I will deal with that on one of the individual items. With regard to the question of floor prices for fish, I would advise the hon. member that on our statute book we have the Fisheries Prices Support Act, passed in 1944, which sets aside $25 million for that purpose. However, as yet the actual effective section of the act, namely section 9, has not been proclaimed by the government. This is a matter which is receiving the consideration of myself and of the department. I can frankly say that the problem is not an easy one to solve. I have exactly the same feeling as he has, that every effort must be made by this department to give the same protection to those engaged in the fishing industry as is given to those who are engaged in agriculture.

I should like to refer for a moment or two to area 17 on the west coast, concerning which some comments were made by the hon. member for Comox-Alberni. After listening to the remarks made by him and by the hon. member for Fraser Valley, the hon. member for Vancouver North and the hon. member for New Westminster, I am sure hon. members will

realize what a difficult position I am in at this time. It is not easy to be in a disagreement or in a quarrel with my friends from British Columbia, even when they are all against me, but when you have one on one side of you and another on the other side, and they are against each other and you are in the middle, it is a very unpleasant situation. I should like to point out to them that the matter is receiving careful consideration by the department. Mr. A. J. Whitmore, the director of western fisheries, who knows as much as anybody knows about fisheries in British Columbia is, I believe, on the scene. He went west last week. He is keeping me posted and advised regarding the matter.

As has been pointed out by the hon. member for New Westminster, some years ago a royal commission was appointed and a careful investigation was made by Chief Justice Sloan. He made certain recommendations. Some members of the committee wish me to stand by the recommendations contained in the Sloan report; others wish me to go against or change those recommendations. In assuming an office such as this, a position which I have held for only a year, it is not easy for a new minister to make up his mind to go against the recommendation of a royal commission appointed by the government of Canada. But it is my duty and my responsibility as Minister of Fisheries to see that this year Canada gets her fair share of the salmon.

The hon. member for Peterborough West asked a monent or two ago about the quantity of canned salmon which would be available for domestic consumption this year. Some weeks ago I made a statement in the house that some 500,000 cases would be available for domestic consumption. At that time I pointed out that it would be some months before this canned salmon actually got on the shelves in the grocery stores across Canada, because then fishing in British Columbia had just begun, and it is of course still being carried on. I might add that 500,000 cases is approximately the equivalent of what was the average annual consumption of British Columbia salmon in Canada before the war years. The hon. member for Qu'Appelle—

Mr. FRASER: Before the minister leaves that, will he refer to the question of foreign trade?

Mr. BRIDGES: I think the hon. member realizes that the question of foreign trade comes within the jurisdiction of the Department of Trade and Commerce. So far as the government of Canada is concerned the buying and selling of fish to foreign countries would have to be done through the Canadian Commercial Corporation which has recently been set up. The Department of Fisheries does not actually engage in foreign trade; it merely gives advice to the Department of Trade and Commerce when we are asked for it.

Mr. FRASER: Yes, but the minister's department would know why we are not holding these foreign markets.

Mr. BRIDGES: For a period of three years or more we have had, under international agreement, the combined food board, and under the jurisdiction of that board the salt fish was allocated and later canned fish, to different countries. We got our fair share of the allocation in exactly the same manner as the other countries received their fair share of the allocation. It is purely a matter of rationing to the requirement countries of the world the fish that is available.

Mr. FRASER: But we have definitely lost the trade.

Mr. BRIDGES: No, I would not admit that.

Mr. FRASER: Well, have not two European countries taken our fish markets away from us?

Mr. BRIDGES: No. I would advise my hon. friend that they have been out of production.

Mr. FRASER: That is not the way I heard it.

Mr. BRIDGES: Well, I am sure my hon. friend will admit that they were out of production as far as competition with us during the war years was concerned.

Mr. FRASER: I understand that at the present time Great Britain is taking a lot of our foreign market for fish.

Mr. BRIDGES: The Department of Fisheries has no information to that effect.

Coming to the remarks made by the hon. member for Qu'Appelle, I would like to compliment her. I was pleased to find that the only lady member of the house is taking such an interest in the Department of Fisheries. She approaches the matter from an entirely different point of view, that of the housewife, which is probably the most important way of approaching it. She made some reference to quick freezing. I would advise her that this matter has been under constant study for some years by officials of the fisheries research board of Canada; it has been one of their major investigations, and as a matter

of fact it was through our fisheries research board that the overhead bunker car was developed for the transportation of frozen fish. I do not believe that as yet many of these cars are available to either railway, but more of them will be added this year. They have proved themselves more than satisfactory, and I take considerable pride in stating that the development of the overhead bunker cars is one of the accomplishments of the fisheries research board.

As I said at the outset, I do not wish to speak too long, because I know that questions will be brought up on other items of these estimates. If in these few brief remarks I have not dealt with all the questions which have been referred to by hon. members, I assure them that they may bring them up again on individual items and I shall endeavour to reply to them at that time.

Item agreed to.

77. Fisheries inspection, including fishery officers and guardians, fisheries patrol and protection services, $1,518,150.

Mr. WINTERS: There are a few questions I should like to ask to emphasize certain specific points not raised in connection with the general item, and also to get the department's attitude toward some of these points. I think the minister can answer them briefly. The minister just now gave the government's point of view regarding the control of the continental shelf, and I fully appreciate that it will take some time to work the problem out. My first question is this. Pending some arrangements with the countries concerned, what patrol facilities does the department visualize to protect our fishermen?

Mr. BRIDGES: This question of patrolling the international waters is in my opinion essentially a police problem. In dealing with this problem it will be necessary—and I can assure the hon. member we are already doing it—if we find that Canadian fishermen are actually being driven off or are having their gear destroyed, that a scheme be worked out between the Department of Fisheries, the Department of External Affairs, the Royal Canadian Mounted Police and the Royal Canadian Air Force. In other words, that is the attitude and the position we are taking at the present time; we are endeavouring to work out some scheme which will be satisfactory to us so that our fishermen shall receive proper protection.

Mr. WINTERS: In view of the fact that it seems to be common knowledge locally in Nova Scotia and in some of the newspapers across the country what nations are involved in fishing on these banks, is the minister prepared to state officially what nations are concerned?

Mr. BRIDGES: The nations which have had vessels fishing on the Quero and adjacent banks, to our knowledge, are the United States, Canada, Newfoundland, Spain, Portugal and France.

Mr. WINTERS: Having that knowledge, I would ask the minister if the governments of any of these foreign countries have been approached by any Canadian department, officially or unofficially?

Mr. BRIDGES: This is really a matter for external affairs, but I happen to know that none of the nations I have named have been approached as far as the fishing on Quero banks is concerned. As I have said before in this house, we have as yet received no definite statement from any individual fisherman which clearly identifies either the trawler or the nationality of any European or other foreign trawlers which have been fishing on these banks.

Mr. WINTERS: I should like to ask the minister about the origin of the complaints. Were the first complaints received from the fishermen's union, or from the fishing skippers themselves?

Mr. BRIDGES: The first complaints were received from the fishermen's union, and if I remember correctly, the date was May 21.

Mr. WINTERS: Have all skippers with whom the government has come in contact experienced interference from foreign trawlers?

Mr. BRIDGES: No, definitely not.

Mr. WINTERS: Have there been complaints from owners and operators other than skippers?

Mr. BRIDGES: There have been no complaints from owners who have not also been skippers. In other words there have been no complaints from owners other than skippers.

Mr. WINTERS: We have referred to affidavits submitted by these skippers. Would the minister be good enough to read to the committee a typical affidavit submitted by a fishing skipper? I suggest those submitted by Captain Leo Corkum of the schooner *Irene Mary*.

Mr. BRIDGES: Captain Leo Corkum supplied the department originally with one affidavit dealing with three different instances. Subsequently we received other affidavits

from him. I do not wish to take up too much of the time of the committee, but if hon. members wish it I shall place part of these affidavits on record. These affidavits describe incidents on April 15, April 23 and May 25. The one respecting April 15 states, in part:

On April 15, 1946, I was under sail fishing on the S/W peak of the Quero Banks—in position Lat. 44.10 N. and Long. 58.35 W on 45 fathoms of water. It was about 10.00 a.m. and I had my trawls set for the day. It was a clear day and the visibility was good. Each trawl had the usual three buoys, marker, flying "black balls" and each buoy would be approx. ½ mile apart. The sea was fairly smooth and the buoys could be quite readily seen a distance of approx. ⅛ of a mile away.

There were several trawlers, which in my opinion were of foreign registry, fishing near by me but I am unable to identify any of them.

At about the time mentioned above, while my men were engaged hauling the trawls, some foreign trawler approached me from a S/E direction and dragged through part of my trawls, destroying approx. $100 worth of lines and hooks together with the fish we had on the trawls they destroyed. It all happened so suddenly that I did not have a chance to warn him or contact him by radio, in order to avoid the incident. The trawler I am referring to came in from the S/E cut through about half of my trawls and when it turned out in an easterly direction it would be about half a mile away from me. It then carried on its dragging operation farther east. After having completed hauling the remaining part of my trawls, I decided to leave for elsewhere. I might add, however, that the fishing in this particular area was very good at that time, but in view of the fact that the foreign trawlers disregarded the rights of other fishermen on the banks I considered it unwise to run the chance of losing more gear.

I am not in a position to say what nationality this trawler was, neither do any of my crew members because we were not close enough to it to be able to obtain its name or number.

The incident of April 23 is almost similar to the one I have just described. One paragraph in the affidavit reads:

At the time I made my investigation, as described above, I did not know what damage, if any at all, has been caused by this trawler dragging through my trawls, however, when my men had finished hauling the trawls set that day I found I had lost about $75 worth of lines and hooks.

The incident on that date is similar in that neither the name nor the nationality of the trawler was secured. With respect to the incident of May 25, the affidavit is as follows:

On May 25, 1946, I was under sail fishing on the east end of the Quero banks—position, Lat. 44.50N. and 57.45 W., on 26 fathoms of water. It was an exceptionally fine day and visibility was perfect—the sea was smooth and the fish was plentiful at this particular time. All around me I could see anywheres between ten to fifteen foreign trawlers fishing with dragnets. At the time the incident, which I am about to describe happened, occurred I did not recognize any of these trawlers.

[Mr. Bridges.]

It was about 3.00 p.m. and I had my trawls out for my second set—what we call the afternoon set. I had 33 lines to each small boat with the usual buoys on each line, approx ½ mile apart. On the western end of the trawls I had placed an extra large buoy which we refer to as a mark buoy. On a clear day and calm sea a person can see this "mark buoy" a distance of about five miles. My trawler was located at the west end of the trawls and my men were engaged dressing the fish from the first set.

At about the time above mentioned I sighted some foreign trawler approaching my trawls from the south. I immediately started my engine and proceeded east along the south side of my trawls in order to head this trawler off. When I got alongside of it, I called and shouted, as a matter of a warning, to the captain and his men who were on deck, but for some unknown reason they did not seem to pay any attention to my warning and signals. It did not seem to slow down any at all until it reached the buoys on the south side of the trawls. He then hauled his nets up, after having brought the trawler to a stop, but shortly afterward dropped the nets again and steamed west right alongside my men who were then in the small boats engaged hauling the trawls. He then passed through between the "mark buoy" and the west end of my trawls, turned starboard in a N/E direction and again dragged in to my trawls in the N/W corner of my set. While this was going on I steamed up alongside of him again and made every effort to warn him to keep away from my trawls but without result—it is true that as they were foreigners, perhaps they did not understand what I was saying, but as this was a clear day there is no reason why they did not see the buoys and also my men who were then in the small boats engaged hauling the trawls. After it cleared out of my gear it continued in an easterly direction and I did not see it again.

As the trawler departed from the scene, after having caused approx. $200 worth of damage to my gear, I managed to secure its number located on the port-bow. I wrote it down on a piece of paper and kept it in my possession for some time, however, I later lost this paper and I am not in a position to recall the figures I wrote down.

After completing hauling the remaining part of my trawls, I decided to leave this location and go elsewhere. I then went to the Grand Banks and on my way there I counted thirty-five foreign trawlers fishing in the vicinity of the eastern part of the Quero Banks.

I have made enquiries among my crew members to see if they are in a position to recall or identify the trawler above mentioned, but neither can they recall its description or number.

Mr. WINTERS: These affidavits are highly significant, in that they indicate that although departmental officials asked these skippers specifically to identify the trawlers by nation of registry, in no instance were they able to do so. This gives a pretty good idea of the difficulty the government is encountering in trying to deal with this problem internationally. Can the minister say how many schooners suffered damage, and the approximate dollar value of that damage to date?

Mr. BRIDGES: Five schooners suffered damage totalling $1,350, and eight schooners

whose skippers were interviewed suffered no damage at all.

Mr. FERGUSON: I do not see why these particular fishermen should waste so much of the government's time over an amount of $75. From my knowledge of fishermen in my part of the country, in the Georgian bay area, particularly around Collingwood, if any person destroyed their nets to an amount of $75, particularly a Spaniard, they would take hold of him by the scruff of the neck and chase him back to his own country. They would not waste the government's time in writing letters. A man who cannot protect his own interests to the extent of $75 ought to stop wasting our time.

Mr. WINTERS: I would say to the hon. member that sail chases steam in some cases.

Mr. STUART (Charlotte): There are a few things I should like to mention. It would appear to me that some employees of the Department of Fisheries are underpaid in comparison with what is paid in other departments for similar services. One case I have in mind is the crew of the *Fundy Rover,* a patrol boat in the bay of Fundy belonging to this department. Four men comprise the crew of this boat and they are obliged to be away from home practically the whole year. The deck hand, with whom I am well acquainted, is a veteran of the last war where he was seriously wounded. For his services during the year he is paid $80 a month. It costs him $20 a month to live on board the boat and, when superannuation deductions of $4 a month are made he has about $55 a month to take home. This man is married with a family; he is an experienced seaman and is a war veteran. I trust the department will consider seriously granting a generous increase to the crews of these patrol boats, particularly when men who have been employed in recent months by the department to do similar work and who have had less experience are receiving more than some employees who have served over a great period of years. I would also be interested in knowing why living allowances are paid in some provinces and are not paid to employees doing exactly the same work in other provinces.

Mr. BRIDGES: I do not have complete control over the matter of wages, because those things are eventually determined by the treasury board. I assure the hon. member that I will make every effort to see that increases are granted, but I cannot always get what I want. Then there are instances where the labour board must be consulted. I am informed that living allowances are paid only for services in remote sections of the country.

Mr. STUART (Charlotte): Will the minister explain what are the remote sections?

Mr. BRIDGES: What does my hon. friend mean by living allowances? Does he mean found on the boat?

Mr. STUART (Charlotte): Yes. These men are obliged to be away from home the year round.

Mr. BRIDGES: If it is found that the hon. member is referring to, I am advised that that is applicable only to remote sections of the Pacific coast.

Mr. STUART (Charlotte): Another matter to which I should like to direct the attention of the department is the necessity of providing office space for fisheries inspectors. Other civil servants such as customs officials, immigration inspectors, postal officials, harbour masters and so on have in most cases been provided with offices by their respective departments. During the past three or four months I have had some experience in trying to get office space for one fisheries inspector, and I have found that there is very little cooperation between the different government departments in connection with furnishing office space. In many cases public buildings are being maintained in towns where fisheries inspectors reside, but they cannot get office space. This discriminatory and selfish attitude should be condemned and, wherever possible, all civil servants should receive exactly the same consideration. When a fisheries inspector uses his own home for office space a fair rental should be paid by the department. I cannot understand why there is so little cooperation between the different departments.

There is one other thing I should like to mention which I believe comes under this same item. My remarks last December were critical with regard to the wages paid to fisheries guardians. Since then, their rate of pay has been increased from $2.25 a day to $2.70. I realize that this was a twenty per cent increase, but I trust that the government will consider another raise for these guardians. They are doing good work; it is only seasonal employment and I hope something can be done for them.

Mr. BRIDGES: As far as office space for officials of the department is concerned, that matter is being considered in connection with the reorganization we are putting through. I think my hon. friend knows how I feel

about the matter of wages. I have not always been able to get what I wanted, but I always do the best I can.

Mr. SINCLAIR (Vancouver North): I would remind the minister of the question I asked about the extraordinary situation which exists on the fishing grounds of British Columbia where, in connection with any violation of the regulations, the fishery officer is policeman, prosecutor and judge. If the fisherman does not plead guilty before the fishery supervisor and wants to be heard by a regular magistrate, his licence is taken away until such time as he can be heard. I suggest that either the Department of Justice send magistrates around to the fishing districts or that these men be admitted to bail if they do not want to plead guilty before the fishery supervisor.

Mr. BRIDGES: These powers have been in the Fisheries Act for some years.

Mr. SINCLAIR (Vancouver North): That does not make them good.

Mr. BRIDGES: I do not allege that. Section 5, subsection 2 of the act reads:

> Every fishery officer shall for all the purposes of this act and the regulations made thereunder be a justice of the peace during his term of office as a fishery officer.

Apparently that is the section under which he would act as a judge. Then section 35 reads:

> Any fishery officer or justice of the peace may, on view, convict any person committing any of the offences punishable under the provisions of this act, or under any regulations made hereunder, and may remove and detain any fish unlawfully caught and any boat, vessel, fishing apparatus or other materials used in committing any offence or in connection therewith, or which such fishery officer or justice of the peace has reason to believe was so used.

Then section 64 deals with confiscation, and it reads in part:

> . . . shall be confiscated to His Majesty and may be seized and confiscated on view, by any fishery officer, or taken and removed by any person for delivery to any fishery officer or justice of the peace.

I am quite ready to admit that those are rather strong sections, certainly contrary to anything we are accustomed to in British countries. However, they have been in the act for some years. The reason would appear to be that in these remote sections there are no magistrates. It might be possible to work out a system whereby the provinces would have magistrates in these remote sections, but I assure my hon. friend that since he has brought the matter up I will certainly look into it further.

[Mr. Bridges.]

Mr. SINCLAIR (Vancouver North): In the meantime, could not instructions be given to these fishery inspectors, who act as judges as well as prosecutors, that if a man wants to plead not guilty he should be admitted to bail and allowed to go on fishing until he can appear before a magistrate in the fall? I have in mind one case which occurred in my constituency. A father and son were picked up by an inspector. Although the father and son were living together, it was alleged that they were fishing too close to each other's nets. They did not choose to plead guilty. They were men with a long record, and the reason for that long record was the fact that they had always fished in remote areas and were ready to pay a $50 fine rather than be prevented from fishing for the rest of the season. But this time, being Scotch and stubborn, they decided they were not going to plead guilty. They were remanded and the fishery inspector seized their gear. Two or three weeks later they were taken before a stipendiary magistrate and the case was dismissed on the ground that it was trivial. The men went to get their gear and they found that it had been piled in the sun and had rotted. These men had been out of fishing for three weeks; when they went to get their gear it was rotten, and it took them one year to succeed in a damage action against the crown. That type of administration of justice does not bring respect for the fisheries department. I understand that the judgment against the fisheries department was divided as to costs between the fisheries department and the fishery supervisor who made the seizure. I would ask the minister whether the inspector paid his seizure costs out of his own pocket or whether the government refunded that to him.

Mr. BRIDGES: My understanding is that the case has been appealed and a new trial ordered.

Mr. SINCLAIR (Vancouver North): The crown appealed?

Mr. BRIDGES: I think it would not be the crown but the officer who was being sued.

Mr. SINCLAIR (Vancouver North): That again brings home just what the average fisherman is up against. These two Scotch fishermen fighting for justice launch a suit against the crown for damages, and now the supervisor launches an appeal against the judgment of the court. That is just going to discourage the fishermen from thinking they will ever get their just desserts. They will figure that it is much easier to plead guilty and pay the $50. That only emphasizes

that the minister should bring British justice into the administration of his department.

Mr. BRIDGES: I shall make every effort to do that.

Mr. CRUICKSHANK: May I say, in connection with the case which the hon. member from Vancouver North has brought up, that when I was acting in his behalf I had some correspondence on the matter and the Department of Fisheries agreed in writing as to everything the hon. member for Vancouver North said, and why these Scotsmen should have to carry the case farther when the department agreed that it was wrong is beyond me.

I overlooked one thing when I was speaking before. I want to compliment the minister. I do not do that usually; I do so now partly for the benefit of some other ministers of whom I see one here, and I wish the others were present. The Minister of Fisheries when he paid a visit to British Columbia last year got in contact with every member from British Columbia. I say that for the benefit of the rest of the cabinet. The Minister of Fisheries has not always taken my advice, but he has at least done me the honour of consulting my riding.

I want now to ask a couple of questions and I hope for a favourable answer. Has any provision been made to supply a patrol boat for the Fraser river? The reason I ask is that, so far as the Fraser river in my riding is concerned, the only patrol vessels there in the past have been a couple of rowboats, and in certain cases the fisheries guardians had to pay for the hire of the boats themselves.

Mr. BRIDGES: There is provision in these estimates for a proper patrol boat, but on account of the shortage of labour it may be difficult to get it built just now. That is as far as I can go.

Mr. CRUICKSHANK: I am delighted that the minister has assured me that we are to have a patrol boat, but the other part of his answer, that there is a difficulty on account of the shortage of labour—

Mr. BRIDGES: Labour and materials.

Mr. CRUICKSHANK: War Assets Corporation was giving away hundreds of boats suitable for this very purpose, so that argument does not hold with me. I hope the minister will see that one of these boats is purchased immediately for the upper portion of the Fraser river.

Is provision being made to keep the fishery guardians on the payroll throughout the year? The department requires, and quite properly, that these men must have practical experience, must know the fisheries regulations, and so on. Yet in the past, so far as the Fraser river is concerned, these men have been kept on the payroll for only six months in the year. To expect a qualified man, with a practical knowledge of fisheries and a thorough knowledge of the regulations, to carry on this work for only six months of the year and then have to seek other employment is nonsense. I have taken this matter up with the minister's predecessor on several occasions, and I ask the minister now whether consideration is being given to keeping these men on the payroll for twelve months in the year. No other department expects qualified men, with the knowledge and experience these men have, to work for only six months in the year and then look for another job.

Mr. SINCLAIR (Vancouver North): How about the House of Commons stenographers?

Mr. CRUICKSHANK: The hon. member may do something popular along that line. In my riding we have four fishery guardians, two of whom were employed the year round and the other two were let out, if I remember correctly, at the end of July. It is not reasonable to expect these men, who, I expect, would be married war veterans, to work for only six months out of the year for $100 a month and then look out for other employment, particularly since they are required to have a practical knowledge of the fisheries and a thorough knowledge of the regulations, which they must have to carry them out properly. These men should be employed the year round.

Mr. BRIDGES: The hon. member will probably remember that I stated yesterday that the outside service of my department was to be reorganized. In this reorganization it is anticipated that, in any instance where full-time service is required, the employee will be employed full-time. I think the hon. member will find that the situation will be relieved when the reorganization of the outside service is completed.

Mr. CRUICKSHANK: I thank the minister, but he qualified his answer by saying that they will be employed full-time where that is required. My argument is that when a man must have all these qualifications to be a fishery guardian provision should be made for his employment the whole year round and not for just six months.

Item agreed to.

79. Educational extension service, $78,780.

Mr. BENTLEY: I was going to ask the minister if this amount, the $25,000 in the previous item and the $56,000 in item 90 apply to the smaller fisheries in the provinces, particularly in Saskatchewan?

Mr. BRIDGES: The previous item, 78, does not apply to the prairie provinces, but item 79 does in part. As to item 90 the answer there is no.

Item agreed to.

Fisheries Research Board of Canada—
82. Operation and maintenance, $740,610.

Mr. REID: I raised some objection last year to this vote, which shows a considerable increase. I would ask the minister to reconsider this vote because, in my opinion, the country is not getting full value for the money expended. I am not against scientists and I do not want my remarks to be interpreted that I am, but I know the experience we have had with scientists on the international salmon fisheries commission. If it had not been for the laymen on the commission; if the scientists had been allowed to spend money and do what they liked, we would not have obtained the results we did. Every year the scientists were asking for more money for various objects. I suggest that the minister consider revamping the whole fisheries research board, and that he include on it representatives of the fishing industry, of the canning industry, members of the provincial government and members of his own department.

I challenge any member of the house to refute what I am about to say. I can produce reports which were made by fishery experts forty years ago, which you will now find contained in the reports that are submitted to-day by the fisheries research board, and I contend that they are not doing the work from a practical point of view of the industry. I am not finding fault with the minister because he has not had time to check up on what they are doing; but from the fisherman's point of view, the practical point of view, I submit that the whole set-up is entirely wrong. In fact, had these estimates come up earlier I might have moved that the vote be reduced. I had declared my intention of doing so when they first came before us in November last, but it is too late in the session now to debate the issue fully. Here, however, we have $3,000,000 spent since the inception of the board just a few short years ago. From 1935 up to the present time this amount of money has been spent. I will not say that some good has not been accomplished, for example, in respect of the freezing method, and some other matters as well; but I invite any hon. member to go to Nanaimo station and later read the reports, as I have read them, and see for himself what is being done. I do not believe many hon. members have read all the reports of the fisheries research board, and after a careful study of the situation I would express the view that we are not getting the results we should expect. Let me quote the following article that has appeared in the press:

> Fish species, fishing methods and modes of processing are considerably different on the Pacific than on the Atlantic coast. Eastern research board members need first-hand knowledge of west coast conditions, and western board members tour the Atlantic coast for the same reason.
>
> "We now have the money to carry out this travel policy," a research board official told *The Standard*. "During the war we had to pull in our belts. Now our personnel is increasing and our work is expanding tremendously."

Mr. BRIDGES: Will my hon. friend say what he is quoting from?

Mr. REID: I am quoting from the Montreal *Standard* of June 22, 1946. Travelling may be necessary to some extent, but I suggest that last year there were some joy trips taken. We are increasing the amount this year by $198,000, and I would ask the minister for an explanation. I know he has not had time to keep his eye on the situation; but the actual fact is that he and his officials cannot control the board, and if the present tendency is not stopped they will come back next year and we shall find ourselves voting perhaps a million dollars. And what for? If the minister takes up this challenge I will bring reports from experts to prove the point I mentioned a moment ago. I am against the increase and I am inclined to move that it be reduced. I should like to hear what the minister has to say, what view he takes of the proposal I have made, that certain members of the fishing industry be called upon to constitute a practical board to map out a programme for the research board. As matters stand, we are not getting the results that we should look for.

Mr. BRIDGES: The fisheries research board comprises nine scientists from various universities in Canada together with two representatives from the Department of Fisheries and four representatives of industry, two from the Pacific coast and two from the Atlantic coast. The members receive no remuneration for their services, except the chairman, who is given an honorarium of $1,000. Travelling and living expenses are paid when incurred by the members in attending meetings or on business for the board. My hon. friend criticizes the

board. May I read the names of those who constitute this body. I think hon. members will realize, when I do so, that these are not men who would be inclined to waste the public money of Canada. The chairman is Professor A. T. Cameron, university of Manitoba, one of the best known biochemists in the world. In fact, he is professor of biochemistry of that university. The honorary secretary is the assistant deputy minister of this department. The other members are Professor C. W. Argue, of the university of New Brunswick; Mr. J. H. Deane, of Vancouver, British Columbia, who represents the fishermen's cooperative and who, I am sure, the hon. member will admit is a representative of industry. Then there are Professor J. R. Dymond of the university of Toronto, who is extremely well known throughout the country; Professor W. A. Clemens of the university of British Columbia; Professor J. H. L. Johnstone of Halifax, Nova Scotia, a member of the faculty of Dalhousie university; Mr. O. F. MacKenzie of Halifax, Nova Scotia —and I am sure he would not like to be told that he was not a representative of industry— Mr. Burke McInerney of Halifax, who was secretary-manager of the united maritime fishermen. Another member is Professor Prefontaine, professor of biology in the university of Montreal. Another member is Professor G. D. Reed of Queens university. Another member is Mr. J. A. Rodd, director of fish culture, of this department; another member is Professor D. L. Thomson of McGill university. Then there is Professor J. L. Tremblay of Laval university, and the last named member of this body is Mr. R. E. Walker of Vancouver, British Columbia, who is with British Columbia Packers. I do not think the hon. member would suggest that he was not a representative of industry.

These are the men who direct the affairs of the fisheries research board and, when my hon. friend criticizes the board, he is criticizing these gentlemen. They are the men who direct its affairs entirely and they come within the jurisdiction of the Minister of Fisheries. Therefore I do not hesitate to say that I am proud of the work they have done, and I am happy that the hon. member for Queens-Lunenburg, speaking yesterday, made fitting reference to the work of the research board.

I should like to read some letters with reference to the work now being done by the fisheries research board, and first I will quote from one received from the Prince Rupert Fishermen's Cooperative Association. This is dated December 28, 1945:

During the past years our membership consisting of approximately 1,500 British Columbia fishermen has followed with great interest the research carried out by the fisheries research board's stations across the dominion. We are all mostly interested in the work carried on closest to where our own part of the industry is affected, although we wish to go on record as being keenly interested in the welfare of the country as a whole, and therefore, no selfish interest is our guide in the recommendations contained in this letter.

The research work that is of the utmost importance to us at this time and which we strongly recommend your department to give its consideration is as follows:

1. The Skeena river investigation started in 1944.
2. The over-all salmon investigation which was actually started in 1945.
3. The trawl investigation started in 1944.
4. The institution of oceangraphic studies of sea life in general.

I will not read the whole of the letter, which is a very long one. It is signed by T. H. Sorensen, secretary of the Prince Rupert Fishermen's Cooperative Association. Let me quote from another letter with regard to the present work of the board. This one is from the Deep Sea Fishermen's Federal Union, Number 80 of British Columbia. It is dated Prince Rupert, December 27, 1945, and contains the following statement:

As the annual meeting of the Fisheries Research Board of Canada will be held in Ottawa on January 1 to 10, we wish to express our appreciation of the work carried out to date by this board regarding investigations of the fisheries, and we feel, it should not only be continued in the future but should be extended to all commercial fisheries on this coast, not only for the purpose of propagation, but it should also be carried on with the view to making recommendations for control of production of any given fishery whenever it was found too heavily exploited.

Then they make certain statements and ask us to do certain things in the following respects:

(1) The necessity of continuing the Skeena river investigation to its conclusion.

(2) The essentiality of increasing the over-all salmon investigation into a full-scale programme.

(3) The necessity for a more extensive study of the otter-trawl fishing and the populations of fish which it catches.

(4) The immediate essentiality to institute oceangraphic studies.

There is another communication from the Fishing Vessel Owners' Association of British Columbia, under date of January 4, 1946, in which similar statements are made. They say:

This association appreciates the great value of the investigations being conducted by the Fisheries Research Board of Canada under the guidance of your department. We would be very pleased if you would bring to the attention of the annual meeting of the board our appreciation of their work and our recommendations for future investigations.

I do not know whether the hon. member is criticizing some particular item or some

special part of the work of the research board; but I do tell him this, that we are living in an age of research. It was my privilege last evening to listen to Field Marshal Montgomery in an address he gave at a private dinner, and one thing he emphasized was the necessity of research. It is research that has accomplished so many things and is responsible for so many advances in this world. In research, as was pointed out by the hon. member for Queens-Lunenburg, scientists cannot discover in a day or in a week, cannot discover overnight, the results which they are seeking. A great many scientists are working on the research board and devoting all their time and knowledge to the work they are doing. We have had instances of men with the degree of Ph.D.—and I am ashamed to say it—working for the board and receiving a remuneration of $2,200 a year. If they are not working for love of the work, then I do not know what it is for. If my hon. friend will mention some individual item that he is criticizing I am quite ready to discuss it with him, but if it is a general allegation that he wishes to make or an item which he desires to cut down and which is in the estimates for the fisheries research board, then I must advise him that I shall resist it.

Mr. REID: Every time that one rises to say a word or two about the fisheries research board, so-called, he is immediately accused of being against scientists and research work. We did not need to get a lecture from the minister about scientists. I might mention to him that he had one by the name of Forester. I met him last year. He has been at this work for a lifetime, and when he was asked a simple question which anybody could answer he could not answer it. The question he was asked was, were sport fish predators? Everybody who knows anything about fishing knows sport fish are predators. This man said he did not know, although he had spent practically a lifetime at the work. I am not against scientists or against scientific research. I hope the minister does not repeat what he said a moment ago, because I am with him, but I want this research to be guided and controlled. He has not yet had time to find out what they are doing. I say to him that if he does not guide them his department will get into difficulties. They cannot be left to themselves because, if they are, they will not produce the best results which should benefit the fishing industry.

The minister mentioned a lot of high-sounding names. How many times do they meet? Is there a representative of the industry among them?

[Mr. Bridges.]

Mr. BRIDGES: I am advised that there are four members of the board who do represent industry. If the hon. member feels that there should be more and makes the suggestion consideration might be given to increasing the board, but it would have to be done by an amendment to the act which establishes the fisheries research board.

Mr. REID: How many times do they meet?

Mr. BRIDGES: The board itself meets once a year; the executive meets four times a year, and the sub-executive in the different parts of Canada meets four times.

Mr. REID: Then they meet all together once a year.

Mr. BRIDGES: They meet all together once a year.

Mr. REID: And lay out the programme.

Mr. BRIDGES: They meet here in Ottawa once a year and approve the programme of fisheries research.

Mr. REID: The minister is satisfied that this increase of $198,000 is worth while?

Mr. BRIDGES: I am.

Mr. REID: I should not have asked that question, because I would have known the minister would say that, or the item would not be in the estimates. I will say to the minister that at the next session of parliament I shall ask questions on this matter again, and I would advise him not to listen entirely to men who have a lot of high degrees. That kind of thing does not always mean something.

Mr. BRIDGES: It means a lot to me.

Mr. REID: It is results that I am looking for, and the minister is not getting them, no matter what he says.

Mr. McLURE: Does this item include the work of Doctor Needler?

Mr. BRIDGES: Yes.

Mr. McLURE: I should like to say a word in connection with the work of Doctor Needler and also Doctor Kerswill on oyster culture. Through their work these men have brought back a very fine industry to Prince Edward Island and the maritime provinces generally. Their work is highly recommended everywhere. Had it not been for the work of Doctor Needler and this department we should have lost a real industry in the actual farming of oysters. For that reason I support this item.

Item agreed to.

Mr. REID: On division.

86. To provide for Canadian share of expenses of the international Pacific salmon fisheries commission to overcome obstructions to the ascent of sockeye salmon at Hell's Gate canyon, and for investigating and overcoming obstructions to such salmon at other points on the Fraser river watershed (revote), $400,000.

Mr. CRUICKSHANK: I should like to say a word on this item. Hell's Gate is in my riding.

Mr. MacINNIS: It would be.

Mr. CRUICKSHANK: I am glad the fishing industry of British Columbia revolves around my riding. The hon. member for Vancouver East will agree with what I am going to say. A contract was let to construct this work. Excellent work was done. I am not criticizing the work, and nobody finds fault with what was done. As hon members know, it was an international contract, paid for by both the United States and Canada. I have heard rumours in my riding to the effect that the contracting company had absolutely no previous experience with this work, yet it underbid other contractors by some hundreds of thousands of dollars, including one company which had experience in all parts of the world in dealing with that type of rock. I am informed, but not officially, that this company is coming back, after having accepted the contract at a given figure, to ask for a cost-plus arrangement. It claims that it did not make anything out of it, and is now going to ask for several hundred thousand dollars more. A farmer who takes a chance on a contract for wheat, milk or anything else and does not make any money out of it, has to abide by his contract. If this company has any idea that it is going to come back—and I know one of the executives of this company said that it did not make any money on the price it accepted, because he said it in my presence, and that, therefore, it would be looked after—and receive more money, it will hear from the people of Fraser Valley. I say to the minister, through you, Mr. Chairman, that if this government or any other government attempt to give to this company what I would call a handout above the price it accepted on the contract, they will hear plenty from the people in my riding.

Item agreed to.

88. To provide for transportation, dressing and dyeing and other expenses incidental to receiving and disposing of fur seal skins accruing to Canada pursuant to provisional fur seal agreement between Canada and the United States by exchange of notes dated December 8 and 19, 1942, $300,000.

Mr. McLURE: When this vote came up last year I criticized it and took some objection to it, but that was on the ground that we did not get enough revenue from it. After speaking to the minister on several occasions about it this session, I am sure that everybody will be in favour of it. I wish the minister had the time to explain it, but I shall not ask him to do so now, because he is anxious to get his estimates through. On another occasion I hope that he will be able to give us information as to the plans he has in mind with regard to the fur seal industry. I also hope that he will be able to come before the committee and tell us that he has a revenue of over half a million dollars from this investment.

Item agreed to.

Special—

90. To provide for the extension of educational work in cooperative producing and selling among fishermen, $56,000.

Mr. BRYCE: I told the hon. member for Swift Current that the minister has said the prairie provinces could not participate in this vote. Was I right in that?

Mr. BRIDGES: I would advise the hon. member for Selkirk that this item of $56,000 is made up of grants to three universities in Canada: St. Francis Xavier, $37,000; Ste. Anne de la Pocatière, $14,000; university of British Columbia, $5,000, making a total of $56,000. It is for educational work among the fishermen themselves. It started first on the east coast, as a result of the work of the Maclean commission of 1927-28.

Mr. BRYCE: Is there any possibility of arranging matters so that the universities of the prairie provinces may benefit from it. We are just as good cooperatives as anyone else.

Mr. BRIDGES: This is just for universities which maintain extension departments. I do not know whether the universities of the three prairie provinces maintain extension departments.

Mr. BRYCE: Yes, they do.

Mr. BRIDGES: Agriculture, but not fisheries.

Mr. BRYCE: If they took that under consideration would money be available?

Mr. BRIDGES: It certainly would not be available this year. I can assure the hon. member that I am always ready to hear representations pertaining to the extension work of fisheries. I can make no promise, but I would certainly be ready to hear representations and give consideration to them.

Mr. REID: I asked the minister a question a while ago, but he did not answer it and I should like to repeat it now, if he has cooled off a little. We all like the Minister of Fisheries, but he has not had time to look into these matters. He will perhaps find out in later years that the member for New Westminster was right. Be that as it may, it will be too late then.

What steps has he taken, or is he taking any steps regarding the transportation of fish by air so as to bring it to the prairie provinces, as referred to by the hon. member for Qu'Appelle? Other countries are now transporting fish by air, so that it is fresh to the people in inland cities. Has the minister made any investigations, and what steps are likely to be taken with a view to inaugurating some such service in this country?

Mr. BRIDGES: The actual study of the matter is being made by the fisheries research board.

Mr. REID: Oh, that is bad. We may wait for fifteen years, then.

Mr. BRIDGES: I do not think you will wait for fifteen years. I think the hon. member will remember the development of the overhead bunker car for the transportation of frozen fish. The board did a good deal along that line. I know it is being studied; it is something in which I am personally interested, and I am going to follow it up.

Mr. REID: I will ask the minister next year.

Item agreed to.

Special—

92. To provide for the construction of a vessel of particular design for experimental fishing for herring and mackerel (revote), $25,000.

Mr. ARCHIBALD: Last year I brought up a point which was drawn to my attention by the halibut fishermen. The whalers used to notice schools of fish in the Jap current, about forty miles west of the northern tip of the Queen Charlotte islands, and at one time they thought they were salmon, but now they think they may be tuna. I ask that some investigation be done about that, inasmuch as the fishing season tends to become shorter, and a great many boats might be engaged there. I see there is an appropriation for experimental fishing, which is what I am asking the minister to do in these waters.

Mr. REID: Give it to the research board.

Mr. BRIDGES: As a matter of fact this item is for fishing in the gulf of St. Lawrence. Did the hon. member bring up this matter at the last session?

[Mr. Bridges.]

Mr. ARCHIBALD: Yes.

Mr. BRIDGES: Well, I assure the hon. member that if I have not looked into it, I certainly will.

Item agreed to.

730. To provide for transportation, dressing and dyeing, and other expenses incidental to receiving and disposing of fur seal skins accruing to Canada pursuant to provisional fur seal agreement between Canada and the United States by exchange of notes dated December 8 and 19, 1942—further amount required, $125,000.

Mr. FRASER: Why this extra amount under this item? Is it on account of catching more seal?

Mr. BRIDGES: When the main estimates, in which an amount of $300,000 was provided for the above service, were being prepared, it was not anticipated that the processing and dyeing of fur seal skins at London would be stepped up as quickly from wartime conditions as has been the case. Deliveries are being made of 1,000 skins a month, and to take care of processing, customs and other expenses a total amount of $425,000 for the fiscal year will be required. Of this amount, I would point out, approximately one-quarter is to cover payment of customs, excise and sales tax charges. It is all a bookkeeping entry. This is one of the few things we make a profit on.

Mr. FRASER: It comes back; I know that.

Item agreed to.

DEPARTMENT OF FINANCE

57. Departmental administration, $803,594.

Mr. GRAYDON: What is the proper item under which we can discuss the wartime prices and trade board?

Hon. DOUGLAS ABBOTT (Acting Minister of Finance): Under demobilization and reconversion, page 66 of the main estimates. Items 488 and 489.

Mr. GRAYDON: It is not under departmental administration.

Mr. ABBOTT: No. There are special items for it.

Mr. MACDONNELL (Muskoka-Ontario): Would the minister say a word as to the substantial increase in departmental administration? I suppose one would have hoped, evidently wrongly, that after the end of the war there might have been some let-up in administrative work. There is a substantial increase.

Mr. GRAYDON: It takes more money to spend more money!

Mr. MAYHEW: This increase is mostly on personnel. There has been quite an increase in the staff, particularly in the cheque adjustment branch. Hon. members will notice, when we come to demobilization and reconstruction, that there is approximately a $3,000,000 reduction, so that there will be a reduction, on the whole, of about one and a half million dollars with respect to this item. It will be realized that, as the personnel of the army, the air force and the navy are demobilized, there is quite a large increase in the amount of work at home. These men are still receiving pay or allowances of some kind from the government; some are going to university, some attending other types of training, et cetera.

Mr. MACDONNELL (Muskoka-Ontario): Do I understand that the parliamentary assistant says that this increase is really to be offset against the figures shown in item 487?

Mr. MAYHEW: Yes; "comptroller of the treasury," item 487 in the main estimates.

Item agreed to.

59. Royal Canadian Mint, including the Dominion of Canada assay office, $583,650.

Mr. MACDONNELL (Muskoka-Ontario): What is the reason for the substantial increase in this item?

Mr. MAYHEW: There will be considerably more activity in refining and in connection with the striking of medals for the armed services. It is practically all temporary staff. The permanent staff remains as it was.

Mr. GRAYDON: I should like to ask a question which arises from one asked some weeks ago by the hon. member for Wellington South, as to whether or not there would be a discontinuance of the minting of those mean, measly copper five-cent pieces which have several corners on them and are in public disfavour everywhere. Are they to be withdrawn from circulation? I do not know what a five-cent piece could be used for these days; but when we get back to some kind of normalcy, when the five-cent piece might be of some use again, shall we have a decent type of coin, not of the kind now in circulation?

When the Minister of Finance replied to the hon. member he said the present multi-cornered five-cent piece would be withdrawn from circulation and a new one issued. What type of new one will take its place?

Mr. MAYHEW: The hon. member is quite right; the copper coin is being withdrawn and an order has gone out to that effect. A five-cent nickel piece will take its place.

Mr. GRAYDON: So that we shall not be bothered any longer with finding out whether we have in our pocket a one-cent or a five-cent piece; they will be real nickels, will they?

Mr. MAYHEW: Yes.

Item agreed to.

Superannuation and retirement benefits—

62. Government's contribution to the superannuation fund, $3,350,000.

Mr. MACDONNELL (Muskoka-Ontario): To what extent is this large increase made up of added personnel and, to what extent, of increased rates?

Mr. ABBOTT: It is accounted for chiefly by transfers of personnel who are under the retirement fund to the superannuation fund. Under a 1944 amendment they were given the option within one year to transfer from one type of pension plan to the other. Over 3,000 have transferred, and that accounts for the increase.

Mr. MACDONNELL (Muskoka-Ontario): Could the minister explain briefly the difference between the two? I am not thoroughly familiar with it.

Mr. ABBOTT: I am not too familiar with it myself. However, it is my understanding that the retirement fund was simply a savings fund to which contributions were made by a five per cent reduction from a civil servant's salary. The superannuation fund is a contributory pension fund.

Mr. MacINNIS: The minister has indicated that the increased amount is on account of transfers from one fund to the other. I notice that the amount for administration is increased. Why is there that increase?

Mr. ABBOTT: It requires more personnel and more accounts. As I said, there are 3,000 additional numbers of civil servants who are transferring from one fund to the other, and I believe the proportionate increase is not too large.

Mr. GRAYDON: I should like to bring a new matter to the attention of the Acting Minister of Finance, one which affects only a small number of those who were formerly in the civil service of Canada and who, at the time of the outbreak of war in 1939, were no longer in the civil service but were in receipt of superannuation. Some of these men were taken into the armed services in various capacities, having regard to their special qualifications to perform special duties during the war. I am told they were asked to join the armed services because their country needed them in a time of war, and they were in a position

to make a contribution which others not so favourably situated could not make. My information is that these people were assured that superannuation would be paid to them during their service in the armed forces, and that superannuation actually was paid, in addition to their pay of rank, up to May 3, 1940.

My further information is that all these persons regarded the payment of superannuation as well as service pay as one of the terms of contract between themselves and the government. Then, by order in council P.C. 51800 of May 3, 1940, the payment of superannuation to these persons was prohibited—not only to them, but to those in the services who had formerly been in receipt of superannuation. At the same time the order in council did not provide for any voluntary retirement in respect of those affected by it. These men had no choice but to remain in the armed services, despite the fact that the terms of service had been changed arbitrarily.

I could discuss this matter at considerable length, but in view of the fact that we are having long sittings to deal with these estimates I shall not do so. I could build up a certain volume of sentiment and establish a strong factual case in their favour. I speak, however, only to bring the matter to the attention of the minister in order that he may make a thorough investigation of circumstances as they affect these few people. Although there are only a dozen or so affected, the principle involved is important, and those who are affected feel they are being unjustly treated.

Civil servants who were actually in the civil service at the time they entered the armed forces were treated much differently. Their periods of service in the forces counted for superannuation benefits, the government absorbing the five per cent of the civil servant's salary, which would ordinarily have been deducted. But those superannuated civil servants who joined the armed services automatically, through the operation of the order in council, lost their superannuation during their period of service in the armed forces. Those whose implied contracts were broken appear to be in a different position.

I leave these facts for the consideration of the minister, at his earliest convenience, in the hope that he may decide that this group should receive further consideration by the department.

Mr. ABBOTT: I will look into the question raised by my hon. friend. I do not know whether he has all the facts, but in any event I will make a thorough investigation and see what is the situation.

Item agreed to.

[Mr. Graydon.]

Public debt charges—Servicing of public debt—

64. Commission for payment of interest on public debt, services of fiscal agents, London, registrar's fees, etc., $377,650.

Mr. MACDONNELL (Muskoka-Ontario): I notice the amount for the interest on public debt payable in New York is down some $5,000,000, and I assume that is because large payments have been made in United States funds.

Mr. MAYHEW: I can give the hon. member the items. On November 15 there was a three per cent loan, $40,000,000; there was a further one for $55,000,000; there was one for $30,000,000 and another for $30,000,000. The interest charges were $4,650,000.

Item agreed to.

Miscellaneous grants and contributions—

68. Royal Astronomical Society, $1,620.

Mr. KNOWLES: Has the government received a request from this society for a larger grant? If so, has the request been considered?

Mr. ABBOTT: The policy of the department this year has been not to increase these grants, and if such a request was made the reply would have been to that effect.

Mr. MACDONNELL (Muskoka-Ontario): I should like to refer back to the cost of loan flotations, which is reduced by $4,350,000.

Mr. ABBOTT: That is another statutory item.

Mr. MACDONNELL (Muskoka-Ontario): Cannot one be interested in a statutory item?

Mr. ABBOTT: I am informed that it is not expected that the amount of money we shall have to raise this year by borrowings will be anything like what it was in the previous fiscal period.

Mr. GRAYDON: Has the minister any statement to make with regard to the loan which will be open for public subscription this fall?

Mr. ABBOTT: Not yet.

Item agreed to.

70. Canadian Writers Foundation, $2,500.

Mr. HANSELL: I notice that this is a new item and I should like a little explanation. I do not know who compose this Canadian Writers Foundation, but I have a slight suspicion when I see a name like that. They may all be reliable men, but I want to be perfectly sure that we are not using the taxpayers' money to sponsor, help and encourage writers of communism. I want to know what relationship this Canadian Writers Foundation—it may be

perfectly reliable; I do not know—has to the Canadian Broadcasting Corporation which may have scripts which they want to have read or put over their networks. I think we should know about this item. I intend vigorously to oppose anything that is likely to divide the loyalty of the Canadian people.

Mr. ABBOTT: I will oppose it too.

Mr. MAYHEW: This is a new item, and strong recommendations were made in connection therewith. The purpose of the foundation is to provide financial assistance to Canadian writers of distinction who may be in urgent need of such aid. At present many pressing cases must be neglected because of the lack of the necessary funds. The officers are: chairman, Pelham Edgar; honorary secretary, Wilfred Eggleston; honorary treasurer, H. S. Southam; executive secretary, Charles Clay.

Mr. HANSELL: It is very nice to hear those names, and some of them may be bosom friends of mine, although I do not know whether they are or not. Simply because this organization has certain patrons who permit their names to be published on the literature does not mean a thing to me. Are these writers of such distinction that they are in poverty and need a little money? I confess that I do not know anything about this organization, and I ask that the item stand until next session so that we can get more information. I move that it be reduced to $1.

Mr. ABBOTT: The government is not vitally interested in this grant any more than it is in some of the others, but provision was made in the estimates only after careful investigation. The foundation referred to here is supported by the Canadian Authors Association, and the executive, as will be seen from the list read by the parliamentary assistant to the Minister of Finance, is composed of reputable, well known Canadian citizens. If the committee feels that it is improper to make this grant the government does not want to insist on it; but, as I say, the Minister of Finance, after considering the matter, decided that this was a proper case to include in the estimates. If the committee wants to defer it for another year, well and good, but I do not think it should be done.

Mr. McIVOR: I support this item wholeheartedly. Our writers have had a hard road to travel in the past and they should get a little encouragement. If I had had an opportunity of preparing a speech on this item I could speak more convincingly of the outstanding need for support for our writers, our poets and our artists. I think this item shows that there are some men of heart in the Department of Finance.

Mr. JAQUES: Would the minister tell us if this item has anything to do with the organization known as Canadian Authors, Writers and Artists? I remember distinctly that a few years ago, and not so long ago as that, they were purely a communist outfit.

Mr. KNOWLES: You would not call Mr. Southam a communist, would you?

Mr. JAQUES: It was a purely communist outfit. I want to second the ideas of the hon. member for Macleod. There has been too much altogether of this furthering of communists and their ideas.

Mr. MacINNIS: I think I am as opposed to communism as anyone can be.

Mr. JAQUES: Huh!

Mr. MacINNIS: Yes, huh!

Mr. KNOWLES: I hope *Hansard* knows how to spell "huh!"

Mr. MacINNIS: If the purpose of this vote is to indicate the government's desire to assist people like artists, authors and writers, I do not think it will break the country. Canada is a very difficult country for authors and artists to make a living in. We have not the population necessary to make a profitable market for books by Canadian authors. The result is that when an author shows promise and produces writing that is in demand he usually moves to the United States, and Canada loses another valuable citizen. So that, while we should be careful that none of the money voted by this parliament is used for purposes inimical to the welfare of Canada, I think we should support the vote and I hope that in future years we may increase it.

Mr. HANSELL: I know these are all nice things and I do not want to be thought as being against the support of legitimate enterprises. I am all for such things as scholarships. I am all for such assistance as the Department of Finance might give to artists of one kind and another; of course I am, but I think we should be very careful in matters of this kind. Could not an amount of this kind be appropriated for scholarships for people who have ambitions along the line of authorship, and could not such things be handled through our various provincial departments of education? There have been arising in the past few years too many nondescript organizations, the names of which are simply smoke-screens for something else which, once it gets in the thin end of the wedge, is there to stay, and the first thing we know the vote appears in the estimates

year after year, yes, and increases with the years. I am not against proper appropriations for proper purposes, but I think in these matters we have to be careful, and I suggest that this item be left over until next year.

Mr. GRAYDON: I do not think the government has made the right kind of case for their estimate. It is not very often that I have to come to their rescue, but I think in this case I must. It is a case with which the minister and his parliamentary assistant may not have been familiar through the years. May I point out to the hon. member for Macleod that I think he knows me well enough, as I know him, to know I no more than he, would want a five-cent piece to get into the hands of anyone who was going to advocate communism or anything like it in this country, because we cannot afford to waste our money in that way.

Mr. KNOWLES: Where did you get that red bow-tie?

Mr. GRAYDON: I borrowed it for the occasion.

This is not a new vote.

Mr. ABBOTT: In its present form it is new.

Mr. GRAYDON: I disagree with the minister on its being a new vote, because in 1931 or 1932, by agreement among the parties in this house—this was before I came into it, but I learned about the matter afterwards—a vote of $2,500 was included in the estimates for this purpose. If hon. members will look at the estimates through the years they will find that that vote was continued all through the years up until about a year ago or the year before when a prominent Canadian writer died. The vote was for exactly the same amount, $2,500, not for the purposes of the Canadian Writers Foundation but, if my memory serves me correctly, for the purpose of preparing a report on cultural conditions in Canada.

Mr. ABBOTT: That is right.

Mr. GRAYDON: I think everybody remembers that. It is certainly very clear in my memory. From 1931 or 1932 that vote has been regularly passed unanimously by the house. I understand that Professor Edgar, whose name has been mentioned as chairman of this foundation, who, incidentally, was one of my professors when I went to university many long years ago, and who has none of those red leanings for which neither the hon. member for Macleod nor myself has any use, was interested in this vote all through those years, and the estimate before us under another name is for a similar purpose. The vote was formerly used for the benefit of a distinguished Canadian writer, perhaps more than one. I am not going to mention names to this committee because that would not be fair, but I know the vote was used in one particular instance to give a distinguished Canadian in the evening of his life at least some semblance of comfort and security. I think this vote is simply an extension of that policy. It is not, as my hon. friend suggests, a new approach, inserting the thin end of the wedge to get something. If it were, I would be more critical of it than I am. But I think, with that explanation and because perhaps the minister was not familiar with the vote in previous years—

Mr. ABBOTT: I was familiar with it. The previous appropriation was paid to a distinguished Canadian for the preparation of a report on social and cultural conditions in Canada. That distinguished Canadian died a year or two ago, and the vote was not included in last year's estimates. The same amount appears in this year's estimates for the foundation. The purpose will be somewhat similar, but I do not think the vote will be restricted to one individual.

Mr. GRAYDON: I am just as much interested as the hon. member for Macleod. Will the minister undertake to see that parliament is given a full report on how the money is spent from now on, so that we shall have a careful check on it to see that it is going into the right places?

Mr. ABBOTT: It might be difficult to disclose names. That is the only reservation I would put on that.

Mr. KNOWLES: Does this not go to a foundation to which other contributions may be made from other sources?

Mr. MAYHEW: It is to support the writers foundation fund. It is financial assistance to them. It is not only money that is going to be given to needy writers.

The CHAIRMAN: Does the hon. member for Macleod wish to press the amendment?

Mr. HANSELL: Even if I do move to reduce it to $1, I know it will not pass, but I object. It can be passed on division, if you like. I will not hold it up.

Mr. ABBOTT: Carried on division.

The CHAIRMAN: The amendment is withdrawn by consent, and the vote carried on division.

Item agreed to.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

General—

72. To provide for the expenses of the comptroller of the treasury's office, $6,966,745.

Mr. MACDONNELL (Muskoka-Ontario): I should like a little more explanation as to exactly what the functions of the comptroller of the treasury are, because the increase is a large one. I should like to understand it a little bit better.

Mr. MAYHEW: The Consolidated Revenue and Audit Act, 1931, provides for the appointment of a comptroller of the treasury for the purpose of maintaining more complete control over the administration of the consolidated revenue fund. The act assigns the following duties to the comptroller: To remit all public moneys out of the consolidated revenue fund by cheque or other instrument as directed by the treasury board; certification that there is a balance available in the appropriations authorized by parliament for the specific service before any issue of public funds shall be made; certification that there are sufficiently unencumbered balances available out of the amount authorized by parliament for the particular service to pay any commitment before the contract or undertaking involving a charge on the consolidated revenue fund is entered into.

Since the outbreak of war, there has been a large increase in the work performed in many of the offices of the comptroller, owing to an enlarged working staff and increased expenditures. Funds have been made available under the war appropriations only for expenditures in connection with distinctly war services.

Mr. MACDONNELL (Muskoka-Ontario): That does not explain why there is this increase of nearly $2 million. Now that the war is over, I would have thought the work would lessen.

Mr. MAYHEW: If my hon. friend will look at pages 107 and 108 of the main estimates which contain the details he will see that it is largely represented by an increase in staff. For instance, on page 108 there is an increase of nearly $1 million for temporary assistance.

Mr. MACDONNELL (Muskoka-Ontario): I saw that, and that puzzled me very much. I could not understand why there was so much new temporary assistance in this list. If we were dealing with three or four years ago I would have understood it.

Mr. ABBOTT: Many other things enter into it, such as heavy additional expenditures in payment for veterans affairs, for gratuities, for the Veterans Land Act, and all that sort of thing. All these heavy payments are being made under veterans affairs. All these have to be audited, checked and approved by the department of the comptroller of the treasury, and that is why there is that big increase under the heading of "temporary assistance" rather than under the heading of "permanent staff", which is up from 838 to 904.

Mr. GRAYDON: Before this item passes, I want to draw the attention of the minister to a matter which received considerable attention in the standing committee on external affairs. During the sittings of that committee the question arose as to what kind of audit or what measure of control was being exercised over expenditures of this country in the international field. If the minister will turn to the final report of the external affairs committee which was concurred in—I have not it with me at the moment, but that is not material to my argument—he will see that it indicated a desire on the part of the committee generally to pay some special heed to the necessity of having a careful control over the expenditures of this nation on the international front. The reason it was brought up was that we were not satisfied that the same measure of control was being exercised over expenditures on international matters as in the domestic field. The suggestion I have to make is not a critical one, nor is it offered to confound or confuse in any way the government in its policies. I offer it rather to be helpful and constructive in seeing to it that our international commitments do not run away with us.

Through the comptroller of the treasury we are careful to see that, to some extent at least, our domestic expenditures are guarded. We are not always sure that they are guarded sufficiently, but in any event they are guarded. In the international field we think a similar situation should exist. This country cannot afford in some instances to keep up with the international Joneses. I am not suggesting that as a nation we have done that. I do not think it would be fair on my part to make that suggestion because, generally speaking, Canada has kept closely within the confines of the commitments she is able to meet. But it is only fit and proper that the committee should at least draw to the attention of the minister the importance of having some special control exercised over international expenditures to make sure that they are kept within the limits of government policy and to the extent that the national pocketbook can afford to pay.

Mr. ABBOTT: The same system of control applies to these expenditures as applies to our domestic expenditures. I think my hon. friend is referring to the expenditures themselves. We make our contribution to the various international organizations, and we have been pressing for a similar control to be exercised over the expenditures of these organizations as we exercise with respect to the expenditures of our domestic departments. So far as the contributions which we make to them are concerned, these are subject to exactly the same check as any other government payment. The point which my hon. friend makes is an important one and one which the government of Canada is pressing to see put into effect.

Mr. BRACKEN: The minister says that the reason for the large increase in the expenditures proposed for this year as compared with last year is that there has been an increase in "temporary assistance." Is that temporary assistance only for the present year? Will it be discontinued after this year, or is it the kind of assistance which will change itself into permanent assistance later on?

Mr. ABBOTT: I indicated just before my hon. friend came into the chamber that a large part of this was for payments in connection with veterans affairs, rehabilitation grants, the Veterans Land Act, and the like. Whether they will be exhausted at the end of this year I am not in a position to say, but obviously it is a type of special expenditures which will cease at the end of a fairly limited period, and as I explained in answer to a question by the hon. member for Muskoka-Ontario a moment ago, that is why it is included under the heading of "temporary assistance" rather than under the heading of "permanent staff" of the department.

Mr. BRACKEN: Will the minister say just a word about two details in the total of this item? One is the cost of living bonus and the other is paylist items, which is up $300,000 this year above what it was last year. The other item is postage on family allowance cheques, which is up $250,000 above last year. Will the minister explain the reasons for these two large increases?

Mr. ABBOTT: So far as family allowance is concerned, it was in for only part of the preceding year. That, I take it, explains the difference in the postage cost under that item. Perhaps my parliamentary assistant could say a word on the cost of living bonus.

Mr. MAYHEW: The cost of living bonus is $675,000; war duties supplement, $108,615; unemployment insurance, $45,000. I think I tried to explain on the first item that the numbers in here increase after the men come home but still stay on the government pay list in some way or another. Some of them are going to universities, and some of them are taking occupational training. That is one place. Also large numbers, when they are demobilized, come in on to the payroll in one form or another. Family allowances add greatly to the work, and a good deal of it is in the cheque adjustment branch. The cheque adjustment branch is a pretty heavy item, and it requires a great deal of detailed work after the cheques are issued and come back to Ottawa from the different branches, since they have to be checked to see that they are correct, that they have not been raised in any way, that the signatures are right; it involves a lot of work. The cheques which are being issued now run to 2,800,000 a month, and the hon. gentleman can understand that when these come back it takes a considerable staff to see that everything is right.

Mr. BRACKEN: Just one observation with respect to the answer given by the Acting Minister of Finance as to the increase in the postage. The estimate for last year was $500,000; the estimate for this year is $750,000, or an increase of fifty per cent. The explanation that this policy was in effect for less than a year last year would hardly account for the fifty per cent increase in the cost of postage.

Mr. ABBOTT: I think it would.

Mr. BRACKEN: I would rather think there is another explanation as well. Is it not because you are in effect requiring that cheques be sent out to all people who have children coming under this legislation?

Mr. ABBOTT: The new rule applies only from 1947 on. That would not have any significant effect on the estimate. The new law with respect to everybody claiming family allowance applies only from January 1, 1947. This estimate was prepared before that matter was decided upon. As I said earlier, I think the main reason for the increase is the fact that the family allowance loan was only in force for a part of the preceding year. This is only an estimate, of course; if the money is not spent it will not be used, and it is payable to another department of government.

Mr. BRACKEN: But this fiscal year extends over three months of the next calendar year, when this new provision would be in effect.

Mr. CAMPBELL: On page 108 of the details there is an item of $150,000 for rent of equipment. It seems to me that an increase of $110,000 is pretty considerable.

Mr. ABBOTT: It is an increase of $40,000, from $110,000 to $150,000.

Mr. CAMPBELL: Is that not a rather large item for rental of equipment? Have we not a lot of equipment under War Assets Corporation?

Mr. ABBOTT: It is mostly veterans affairs and health and welfare, I am told.

Mr. FRASER: How many treasury officers are out looking after family allowances, in the different offices across Canada? We learned from the Minister of National Health and Welfare the cost of the different offices, but he would not tell us the number of treasury officers because, he said, it came under the Department of Finance.

Mr. McMASTER: As regards getting out the cheques, I understand they have some system whereby cheques can be made out rapidly. Why do they not buy these machines?

Mr. ABBOTT: It is mechanized equipment, and I understand the manufacturers do not sell machines, but only rent them.

As regards the question of the hon. member for Peterborough West, I will see if I can get that information and give it to him later.

Item agreed to.

General—

73. Farmers' Creditors Arrangement Act, 1943, and Municipal Improvements Assistance Act, 1938, administration, $151,515.

Mr. MACDONNELL (Muskoka-Ontario): I notice that there is a reduction in this item and that it is almost wholly in the matter of fees. I should like the minister to explain something about the nature of that item, and I should also like to ask this question. I understand, and it is my hope and belief, that the largely improved farm conditions, particularly in western Canada, in the last few years must have greatly cut down the work under the act, and I should like to know how much it has been cut down. I wish to form an idea as to what relatively the amount of work is as compared with two or four years ago.

Mr. MAYHEW: I can give the hon. member the information from 1943 to 1945 in respect of each province.

Mr. MACDONNELL (Muskoka-Ontario): And the number of applications under the act. I should like to go back starting about 1940.

Mr. ABBOTT: That would be under the old act, before the amendment, of course.

Mr. MACDONNELL (Muskoka-Ontario): Yes, but I should like to find out the number of applications, because it gives a rough idea of the amount of work and to what extent it has been reduced.

Mr. MAYHEW: I think this will give the hon. gentleman an idea of what the board is doing—

Mr. MACDONNELL (Muskoka-Ontario): Will the minister explain to us about that matter of fees—$100,000 last year and $50,000 this year?

Mr. ABBOTT: Perhaps I might say something about that, because I had something to do with the revision of the Farmers' Creditors Arrangement Act a year ago. That simply reflects the reduced number of applications which are received by the receivers in the three western provinces. As the hon. member knows, it applies now only to Manitoba, Saskatchewan and Alberta. Experience last year showed that, because of improved conditions, I take it, in the western provinces and because of restrictions which were imposed under the amended act there was a diminishing number of applications, and we contemplate that for the coming year they will be still further reduced, so that we have cut in half the estimate of receivers' fees for the current fiscal year.

Mr. MACDONNELL (Muskoka-Ontario): Is it correct to say that the fees are paid at the same scale, and therefore that a fifty per cent cut in the fees anticipates a fifty per cent reduction in the number of applications?

Mr. ABBOTT: I think that is about exactly right.

Mr. MACDONNELL (Muskoka-Ontario): Then it seems to me that the reduction shown here is almost wholly an item of $50,000, and one would have hoped there might be other reductions.

Mr. ABBOTT: There are corresponding reductions in land appraisals and reductions in filings and legal costs, postage, rents and telephone.

The CHAIRMAN: Carried?

Mr. MACDONNELL (Muskoka-Ontario): No, it is not carried. I have asked questions which have not been answered, and they are going to be answered, if possible.

Mr. MAYHEW: The total number of cases in 1943 in Manitoba were 43, in Saskatchewan 2,414, in Alberta, 645, making a total of 3,102. The number of cases brought to conclusion by official receivers: Manitoba, nine—

Mr. MACDONNELL (Muskoka-Ontario): I want only the totals arising in each year.

Mr. MAYHEW: The total of cases brought to conclusion by official receivers was 464. The number of cases brought to conclusion by county and district courts was 1,997. The total number of cases disposed of was 2,461. Cases yet to be dealt with number 691; appeals taken from judgments of courts, 404; appeals allowed, 197; appeals disallowed, 117; appeals yet to be heard, or judgments pending, 90.

Mr. MACDONNELL (Muskoka-Ontario): Could we have the figure for 1945 which would compare with the 3,102 for 1943?

Mr. MAYHEW: I am sorry we have not that information separately, but it can be obtained and sent to the hon. member.

Mr. McMASTER: With times as good as they are in the west at the present time, and in view of the fact that this was not popular except among those who might have been considered rather poor farmers, I should think it would soon be dispensed with.

Mr. LOW: What is the government's policy with respect to the Municipal Improvements Assistance Act? Will it be kept active?

Mr. ABBOTT: We are making no new grants under it. The only payments made are those flowing from commitments previously entered into.

Mr. LOW: Will the government hold this open and ready for use when loans under it are demanded?

Mr. ABBOTT: Obviously that is a matter of government policy which will have to be considered in due course.

Item agreed to.

General—
74. To provide, subject to the approval of the treasury board, for salaries, cost of living bonus, reclassifications and increases, $100,000.

Mr. KNOWLES: Is this for potential salary increases only within the Department of Finance, or for all departments?

Mr. ABBOTT: All through the service.

Item agreed to.

General—
75. Unforeseen expenses expenditure thereof to be subject to approval of the treasury board and a detailed statement to be laid before parliament within fifteen days of next session, $80,000.

Mr. KNOWLES: This is the kind of item all of us would like to have in our budgets, if we only could.

Mr. ABBOTT: And have to.

[Mr. Mayhew.]

Mr. KNOWLES: Is it only for the Department of Finance or for the entire government service? What was it used for last year?

Mr. ABBOTT: As my hon. friend has said, this is an omnibus item. It covers all departments. As indicated in the item, it is to cover unforeseen contingencies in the various departments. I think hon. members will agree that, in view of the extent of the estimates, it is not a large item and is not out of proportion to an amount any ordinary businessman would include in his budget, if he were attempting to draw up a budget in which there were items which he could not foresee at the time the budget was being prepared. Hon. members will realize that these estimates are prepared well in advance of the time the moneys are expended.

Mr. KNOWLES: I grant that this is a relatively small item to spend any time on. But in view of the fact that we have regular estimates, supplementary estimates, further supplementary estimates, and probably more supplementary estimates when we meet next year, I believe it is reasonable to ask the minister to give some general idea of how this vote was spent last year.

Mr. ABBOTT: The first expenditure, for instance, was in connection with the royal commission on administrative reclassifications in the public service. The amount is $2,800 for that. Then there were certain expenses in connection with the return to England of Sir Shuldham Redfern of the governor general's staff, an amount of $2,000. There were minor expenses in connection with the official government reception for General Crerar on his return from overseas. They are items of that kind, amounts which were not contemplated when the estimates were prepared. I am informed that this figure has been included in the estimates for a number of years.

Mr. LOW: It has not all been spent, has it?

Mr. ABBOTT: Only $18,000 of the appropriation was spent last year. This amount of $80,000 has been included each year for a number of years.

Mr. BLACK (Cumberland): Before all the items for the Department of Finance are passed, I should like to point out that, in addition to the items dealt with by the committee, there is a total of $580,341,807.51 authorized by statute, and over which this committee has no authority. This figure represents an increase of about $91 million over the previous year, and represents heavy expenditures. I should like to inquire about it, because it affects the provinces.

At the foot of page 11 of the estimates there is a summary of expenditures to provinces by way of compensation "in lieu of income and corporation taxes under the Dominion-Provincial Taxation Agreement Act, 1942." I notice that the only provinces which suffered reductions this year as compared with the previous year are the three maritime provinces. Prince Edward Island has a reduction of $210,583.18, Nova Scotia of $436,661.70, and New Brunswick of $912,516.86. All other provinces are the same as in the previous year, with the exception of Alberta, where there is an increase of $1,746,933.30. Why should there be this substantial reduction as applied to the maritime provinces?

It is unfortunate we have not had more opportunity during this session to discuss the federal-provincial financial agreement. It is most important, especially to the maritime provinces. Down there one finds great dissatisfaction with it. As was mentioned this morning by the Acting Prime Minister, there is a great deal of uncertainty, although he gave as full an explanation as he could.

The gasoline tax takes about $30 million and is certainly applicable to provincial activities and highways. I was minister of highways of Nova Scotia when the first gasoline tax of three cents a gallon was imposed. I gave an undertaking which was confirmed year after year, that every cent of the taxation imposed on gasoline would be applied directly to the improvement of the highways. I believe that policy has been carried out ever since, but the federal government encroached on that field during the war years. The provinces and the motorists submitted to it, but now the government are trying to perpetuate their tax on gasoline. At the recent conference it was stated that they would not retire from this field which yields them $30,000,000 annually, which should go directly to the provinces or benefit the motorists.

We have not the opportunity or the time to discuss the matter as it should be discussed, but I should like a statement from the Acting Minister of Finance in explanation of the reduction in the subsidies payable to the three maritime provinces, while the payments to the other provinces, with the exception of Alberta, remain the same.

Mr. ABBOTT: The reason is very simple; it is because the agreements with the maritime provinces expire before the end of the fiscal year, which means that the obligations under those agreements will lapse, in the case of New Brunswick, on October 31. I do not remember the dates for the other provinces.

Mr. BLACK (Cumberland): Have the governments of the three maritime provinces agreed to this reduction without any compensation for the remainder of the year?

Mr. ABBOTT: I am only assuming that if they do not enter into new tax agreements they will impose their own taxes. That is the obvious answer. If they enter into new agreements, of course those agreements will be substituted for the present wartime tax agreements. If they do not, they will reimpose the taxes which they relinquished under the wartime tax agreements.

Mr. BLACK (Cumberland): But the fact is that the federal government is continuing to encroach upon sources of revenue which heretofore were available to the provinces. Is it the purpose of the federal government to continue to impose the gasoline tax after the lapse of these agreements? Will it be necessary for the provinces to raise additional taxes on gasoline to those exacted by the federal government? Of course the motorists are the ones who will have to pay the double taxation.

Mr. ABBOTT: The provinces were imposing a gasoline tax before the agreements were entered into and I presume they will continue to do so. They will have revenue from the corporation tax, the personal income tax and other tax fields which they relinquished to the dominion government during the war years.

Mr. McMASTER: I have not heard any complaint from Alberta regarding the increase, and perhaps the minister could explain that.

The CHAIRMAN: I am not sure that the question of provincial-dominion agreements can be discussed under the item before the committee, which is vote 75. It would seem to me that this discussion is not in order.

Mr. ABBOTT: Just to answer my hon. friend shortly, this relates to the arrangement that was entered into with Alberta last year in connection with the refunding of their obligations which were in default. Since I did not anticipate the question I am not familiar with the details, but my hon. friends will remember that these were set out in the press at the time. The defaulted obligations were refunded and the dominion entered into a certain agreement. It was up before parliament last year.

Item agreed to.

Mr. ABBOTT: I think we might let the items having to do with the wartime prices and trade board stand until we have completed the other items.

494. To provide for the payment of premiums on Dominion of Canada sterling securities, $20,000.

Mr. FRASER: On many occasions during the past few weeks I handed a $10 bill to different storekeepers or to hotels or restaurants, and I did it with a purpose in mind. In many cases I was handed back all United States money and, when I said I wanted Canadian money, I was told that they had not any. Where does a Canadian citizen stand when he has to take United States money as change?

Mr. ABBOTT: I have never had the experience my hon. friend has had, and I would welcome it. This is a foreign exchange control matter, and it would come under the present foreign exchange control order, which will be followed by the Foreign Exchange Control Act. But to answer my hon. friend's question—I think there will be an amendment to the order and to the act which will permit an individual Canadian to hold, for the time being, a certain amount of United States currency without infringing the provisions of the order. He will not be permitted to export it out of the country, but if, under circumstances similar to what my hon. friend has in mind, he has to take large quantities of United States dollars, he can keep them for a time and then turn them into his bank and get the better currency which we have here, good Canadian dollars.

Mr. FRASER: This happened a week ago on the way down from Muskoka.

Mr. ABBOTT: Of course that part of the country is inundated with Americans just now.

Mr. FRASER: They would not take United States money from me when I had Canadian money. That was the trouble all the way down.

Mr. ABBOTT: I am delighted to hear that.

Item agreed to.

Halifax area explosion and V-E day damage—

500. Administration expenses in connection with investigations, $85,000.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister explain this item?

Mr. ABBOTT: This item covers the estimated payment of claims arising out of the Halifax disturbances last year. The supplementaries contain an additional amount to what is indicated here.

Mr. BLACK (Cumberland): What will be the total expenditures in connection with the explosion and riot claims at Halifax. Item 500 commences with these words: "Halifax area explosion and V-E day damage."

[Mr. Abbott.]

Mr. ABBOTT: This is the first time the appropriation has appeared in the estimates. There is an item of $1,800,000 for payment of claims, and in the supplementaries, on page 19, there is a further item of $650,000, or a total of $2,450,000. Did my hon. friend want to know, in addition, the amount that was voted last year?

Mr. BLACK (Cumberland): I should like to know the total expenditure in connection with the claims.

Mr. ABBOTT: Last year $4,610,118 was spent.

Mr. BLACK (Cumberland): I should like at some time to get more details with respect to these disbursements. I have already asked for them, but the parliamentary assistant impressed on me that it would involve a great deal of work. Being good-natured and kindly disposed toward him, I did not press for it, but I have been pressing and still press for some statement with respect to the loss suffered, a very real loss, a loss as real as any for which compensation has been paid out of the $4,600,000 odd, by a settler in my constituency who shipped $129 worth of broilers on the 18th of July, 1945. Those broilers were delayed by the Canadian Express Company, not through any fault of the express company, but because the train was delayed owing to the explosion. I was put off by the statement that this was only a loss incidental to the explosion a "consequential loss," and this poor farmer who raised these early chickens was made the sufferer. I am not satisfied to see an expenditure totalling over $4,600,000 and this man under those circumstances denied reimbursement of the small amount claimed. Every member of the house will agree that he suffered a real loss through this explosion. The farmer who raised these broilers was endeavouring to market them among his customers in Halifax, and they were destroyed because the train was delayed as a result of the Halifax explosion. This man's claim has not been paid. I have not yet got satisfaction. I have had some encouragement that it is still under consideration. I am satisfied for it to remain under consideration and let this vote go through but I do not want the claim to remain under consideration too long.

Mr. WARREN: Might I ask the hon. member if the broilers by any chance could have any connection with the horse meat that was shipped from Cumberland county to Halifax and later was sent out to be examined somewhere in Saskatchewan?

Mr. BLACK (Cumberland): If the hon. member wants the facts those were horses that

came from Ontario. I assume no responsibility for them so far as my constituency is concerned.

Mr. WARREN: In Ontario we use our horses for work purposes; we do not can them.

Mr. MAYHEW: I think the hon. member for Cumberland is entitled to a reply. He took this matter up with me last session, and at that time we were told that the claim was not allowed because the damage was consequential. That was the legal opinion of the department at that time. But just a few days ago I discussed the matter again with the departmental officials and asked them to refer the case to justice for an opinion whether it was consequential damage or not. The matter went over to justice only a few days ago, and I imagine that in their usual speedy manner they will give the hon. gentleman a reply.

Mr. BLACK (Cumberland): I thank the parliamentary assistant for his efforts on behalf of this settler in my constituency, and if he will see that this claim is paid we will waive the right to interest arrears which have been accumulating over a period of years.

Item agreed to.

DEPARTMENT OF INSURANCE

94. Departmental administration, $195,795.

Mr. JAENICKE: I consider it my duty on behalf of a large number of my constituents to bring to the attention of the minister and of the committee certain questionable activities of a loan company in Winnipeg. The company to which I refer is the International Loan Company. Prior to 1921, this company was chartered under a provincial act. Then in 1921 it obtained a charter from this parliament, with an authorized capital of $20,000,000. Then they went out into the western provinces of Manitoba, Saskatchewan and Alberta to sell their shares. The price of the shares was $100 each, but for some reason or another they added a premium of $20 to the price of the shares, so that if you bought ten shares, worth $1,000, you had to pay $1,200. The applicant for a share obligated himself to pay at least fifty per cent of the value of the share, and the other fifty per cent was to be paid through the application of dividends. The men who sold these shares went mainly amongst the farmers and, so far as my constituency is concerned, farmers of foreign extraction. In 1931 the subscribed capital of this company had reached $5,620,400. Only part of that was paid, the remainder remaining callable. We all know what happened after that. We had the economic depression, then years of crop failure, and of course farmers who had subscribed shares were unable to pay up when the call came. The company allowed the shares to stand until a few years ago and then started to forfeit them, shares on which a considerable amount had been paid. At the end of 1945 the subscribed capital amounted to only $1,785,800 from over $5 million in 1931. In 1945 alone, 23,214 shares were forfeited, having a par value of $2,321,400, and there had been paid on them a total of $159,151.35. I have a list of the shares.

I have taken the matter up with the superintendent of insurance and, while he is sympathetic in connection with the forfeitures, seeing that a considerable amount of money has been paid on the shares, there is apparently nothing that he can do. The loss of capital in my constituency is considerable. Let me cite two typical cases of farmers who bought shares over twenty years ago. They were told that it was a good investment and that by the time they reached the age of seventy they would have a comfortable income besides any other revenue they might get from the shares. In one case a man paid $1,800 in cash, and dividends at the time of the forfeiture amounted to $338.45. In other words, he had an investment of over $2,100 in the company and it was wiped out a year ago. Another man paid $1,500 and his earned dividends at the time of forfeiture were over $400, so that almost $2,000 of his investment was wiped out.

Looking over the cancellation of forfeitures in 1945—I have a list of them which I received from the superintendent of insurance—I find that there are scores of similar cases, making up a total of over $150,000 which was paid by poor people whose money has been lost through these forfeitures.

There is in Winnipeg a shareholder named George Batho, who has written an open letter on the subject and whom I had the pleasure of meeting. I told him I would mention his name. He is a retired civil servant, a shareholder in good standing. He has interested himself in the matter and spent his own money and time, and he has done a great deal of work to bring to the attention of other shareholders the deplorable conditions under which the shares were cancelled. I should like to read from this open letter which he wrote to the shareholders last month and in which he sets out some of the conditions I have mentioned:

The day in history wherein one man killed and ate his brother physically is, we hope, pretty well past and gone forever. But, in

regard to fortunes, exactly the same trait of character is being exhibited by International Loan Company. About 25 years ago many hundreds of people responded to the suave persuasions of Doctor Argue, who had a monopoly on share selling, and they bought shares. Then some of the purchasers let their better judgment come to the rescue, and they never paid a "red cent" on the contract. About 570 of such non-payers were dropped in 1945. There was nothing whatsoever wrong with that; they should have been dropped many years earlier. But when they were dropped about 400 other persons, who together had paid to the company $102.932.28, as applied on paid capital, and $56,219.07, as applied on premium or $159,151.35 in all, also had their rights in the company forfeited and were left with not one cent's worth of value for all their money. It was confiscation of wealth, pure and simple—dog eat dog—big man eat little man—the wealthier ones gobbling up the less fortunate—financial cannibalism. The company really was not violating the present law of the land in doing this; but in many of the cases it was violating all ethical standards known to mankind. People who buy shares in a loan company and who cannot finish their contract ought to get at least part of the shares they have paid for. The company was solvent; it was not in distress to creditors; much of this forfeiture was just wanton confiscation, many of the forfeitures running into hundreds and even well up into thousands of dollars, where in different cases the contract was decidedly more than half completed. To the end of 1945 shareholders had paid $355,550.31 on share contracts that had been wiped out by forfeiture. This is almost 29 per cent of the present assets of the company.

This confiscation followed right on the heels of oft-repeated assurance to shareholders that their investment was secure.

Whether they are big financiers or little, the shareholders of this company should urge upon their members in the House of Commons that the Dominion Loan Companies Act in this respect should be amended.

The guiding genius of this company is Doctor Argue, to whom Mr. Batho refers in his letter, and lately there has come into the scene his son-in-law Mr. Dick. Doctor Argue holds shares amounting to $40,000 paid up and Mr. Dick holds $18,000 worth, and they can do what they like through proxies. I should like to quote again from Mr. Batho's letter.

To-day, for all practical purposes, this company is tied hand and foot by Messrs. Argue and Dick through the use of proxies. Proxies are commonly used in company business, and their use seems to be quite necessary. But in every other company, or practically every other company, the proxies sought are for one meeting only; and the need for these is to facilitate the doing of business in the event of a small attendance at that meeting. But Doctor Argue and Mr. Dick use continuing proxies, the most vicious proxy yet devised, to continue their stranglehold upon the control of the company. The reports of recent annual meetings tell us that the possession of proxies was announced as follows:

	Proxies Represented
1944	.....4,250 shares (one share, one vote)
1945	.....4,583 shares (one share, one vote)
1946	.....5,768 shares (one share, one vote)

[Mr. Jaenicke.]

Ever since this company began Doctor Argue has assiduously gathered proxies day in and day out. At first these proxies were all for himself; then later they were made to be used by either Argue or Dick. A number of these proxies are about 20 years old; the givers of many of them doubtless have forgotten that they ever gave a proxy; some without doubt never understood the nature of the paper they signed; many of the people giving these proxies have lost touch with the company.

With the use of these proxies, having the company entirely at their disposal, these two gentlemen put through resolutions and other business of the company at their will. They entered into an ingenious contract just a few years ago with this company which gives them exclusive right to sell shares, invest the company's money, rent properties and so on, all on a commission basis and on a fixed fee basis, and as to whether or not the company is making money, these two gentlemen apparently make sure that they make money. This is what Mr. Batho says with respect to the contract:

With all these proxies in their possession, Messrs. Argue and Dick, a few years ago, had the company issue to them a thirty-year contract as joint managers. The terms of that contract may be good or they may be bad; the point is that these two men, using continuing proxies could hire themselves on any kind of contract that did not violate the terms of the Loan Companies Act or the by-laws of the company. Even before the meeting began they knew that the contract was "in the bag."

The present proxy set-up is utterly bad and intolerable.

I would ask the minister to instruct the superintendent of insurance to look into the matter. With proper pressure being brought to bear on this company by the department, I think it could be persuaded, without a change in the law, to reinstate these shareholders who have paid such large amounts of money and whose money, being almost one-third of the total assets, has helped to make the profits and the dividends which the company has earned. I quite realize that an industrial company which assumes public obligations could not in this way have the continuing shareholders bear the liabilities which the company has, but this company never had any public liabilities. The money that these shareholders paid in, along with the money put in by the other shareholders, produced the dividends which they have earned.

I also think there is something wrong with their financial manipulations. The statement of assets and liabilities and of profits and losses which they publish and send to their shareholders differs from those which will be found on file with the department of insurance. Of course there is an explanation. The superintendent of insurance permits certain deductions to be taken from profits, and the

company treats them in another way. In any event they make out their statement in such a way as to indicate that they are making a lot of money and in fact they are not. During the last twenty years they have only earned dividends of an average of 1·73 per cent on the capital investment.

Another suggestion I would make to the minister is that in a case like this where a company has no public liability, no shares should be forfeited unless it is with the consent of the minister or of the court.

Mr. ABBOTT: I am not familiar with the particular case to which my hon. friend has referred. As suggested, I will take note of his remarks and bring them to the attention of the superintendent of insurance. I think I should point out that the matter of dealing with the sale of shares and otherwise is something that is purely a matter of provincial jurisdiction. The superintendent of insurance is responsible, of course, for seeing that the company's reserves, or whatever they may be, are adequate to take care of its liabilities. But he is not primarily, if at all, concerned with how a company which operates in a particular province disposes of its shares.

Mr. CASTLEDEN: Do I understand from the minister that any company can operate, say in Manitoba, and be permitted to sell its shares anywhere at all throughout Canada and that the federal government would have no control over it?

Mr. ABBOTT: No; it would have to obtain appropriate permission from the other province in which it wished to sell its shares, to do so; but that is a matter which is purely a question of property and civil rights and comes within the jurisdiction of the provinces.

Mr. JAENICKE: I was not complaining so much about the sale of shares as of the forfeiture of shares. The law ought to be amended so that where a company has no public liability its shares would not be forfeited. In other words, a shareholder who has paid in a certain amount, say ten or twenty per cent, should get a paid-up share for the amount of money that he has paid in.

Mr. ABBOTT: As my hon. friend, who is an able lawyer, knows, that is purely a legal question. Most companies' acts provide a procedure whereby shares which are partly paid-up can be forfeited if the shareholder fails to pay a further call. I do not know the circumstances of the particular case to which he refers, but I shall have inquiries made. It is a legal question which would certainly require an amendment to the statute under which the company is incorporated, and that is a matter which would have to receive careful consideration before such an amendment were made. Obviously nothing can be done about it at this session.

Mr. BRYCE: If a company is operating under a dominion charter would it not be subject to federal law? Some of my constituents are in this company.

Mr. ABBOTT: If it were incorporated under a dominion charter there would be terms and conditions under which its shares could be issued; and a provision with respect to forfeiture. The charter would, of course, be determined by the dominion law, by the statute under which the company had been created.

Mr. CASTLEDEN: There is nothing in the statutes of the dominion compelling any company without public liability to deal with those persons who are shareholders in such a way as to make it possible for the government to take action against a company or to cancel its charter or compel it to recognize the equity which shareholders have?

Mr. ABBOTT: That is a pretty broad question. I do not pretend to be an expert in the particular line to which reference is made. I suggest that one of my colleagues at the bar might suitably earn a well-deserved fee by advising on the matter which we are discussing.

Mr. CASTLEDEN: I am sure they will be glad to hear about it, but these people have not the money to hire these lawyers. It seems to me that justice would be done if there were regulations which prevented this kind of thing. If it is legal, then certainly we have an open form of legalized robbery. I think it should be stopped.

Mr. ABBOTT: This is not a matter about which the superintendent of insurance can do anything, and that is the particular item that we are discussing at the moment.

Mr. FERGUSON: In cases of this kind one gets tired of some people always saying someone has been robbed. People of foreign extraction come here, and they do not buy stock in any corporation unless they have the idea that they are going to make a lot of money out of it. They take an option on certain shares of a stock in a company. The directors who are running corporations of this kind have a great difficulty in repeatedly asking these people to contribute the remainder of their subscription. The millions are not forthcoming to these people of foreign extraction. They do not see fit to answer the correspondence which they receive from

head office. The people who run these corporations give these people plenty of warning. If these companies are not run on a sound business basis these people lose their money. They deserve to lose their money. If you take an option to buy a piece of furniture from the T. Eaton Company or a piece of property from some other company, and you do not see fit to go ahead with your contract and lose your money, that is your business. Why we should appeal to the government, and try to make it a collection agency for these people who do not want to carry out their contract, is something I do not understand. I do not see why we should waste our time talking about it.

Mr. BRYCE: I should like the hon. member who has just taken his seat to understand that the constituents whom I represent are not of foreign extraction. They are Canadians.

Item agreed to.

DEPARTMENT OF FINANCE

Wartime prices and trade board—
488. Administration, $11,575,000.

Mr. KNOWLES: I should like to ask the Acting Minister of Finance if he will make a statement to the committee at this time with reference to the situation in connection with the price of milk. I am not going to go into the matter in detail, because it was pretty thoroughly debated the other morning on the motion for Mr. Speaker to leave the chair. The minister and the other members of the government are fully aware of the stand taken by the house. I think it was one of the most significant recorded votes that we have had for a good many years. All members in all parties were given complete freedom to vote as they wished. All pairing was off, and the result of the vote was quite decisive. As I recall it, it was sixty-nine to forty-one in favour of consideration being given to the continuance of the milk subsidy so that adequate returns might be had by the producers and the price of milk to the consumer might be kept down. It is regrettable that the number of members present for the vote was so small; but in spite of that, it is significant to note that the number of government supporters who voted for the motion was so large that, had the entire house been present, the vote would still have been in the affirmative. A good deal of interest was created in the country because of the vote. The interest was already there, because milk is so important in every home. Now that parliament has expressed itself most decisively, the country is anxious to know just what is going to happen. Will the government carry out the wishes of this house? The time for the proposed discontinuance of the milk subsidy is not far off. I realize also that there has not been a great deal of time since the vote was taken the other morning, but I hope that the Acting Minister of Finance is now able to make some statement as to what we may expect from the government in this connection.

Mr. ABBOTT: Well, I can make a brief statement on that, and make it promptly. In accordance with the resolution passed by the house the other day, the government will consider the question of continuing this milk subsidy, but I want to make it perfectly clear that this does not necessarily mean that the policy will be changed. Another point I want to make clear is that the subsidy is fifty-five cents for about forty quarts, so that when we hear in the newspapers talk that the price of milk may go up two or three cents a quart if the subsidy is not continued, a very simple exercise in mathematics will indicate that even if the subsidy is continued it will not prevent any such rise as is intimated there, because the subsidy is only equivalent to a little over one cent per quart. But as I said, in accordance with the resolution of the house the question will be considered, and I also repeat that that must not be taken necessarily as an indication that the policy will be changed.

Mr. FRASER: I should like to ask the minister concerning the details of this on page 262. There is $600,000 for advertising and $600,000 for printing. I should like to have details.

Mr. ABBOTT: The details will be available in a moment. My hon. friend will see from the details on page 262 of the estimates that there is a substantial reduction from the previous fiscal year. In the case of printing the amount is down from $1,000,000 to $600,000. In the case of advertising the reduction is from $1,750,000 to $600,000. We shall get the breakdown in a minute.

Mr. FRASER: While the minister's officials are getting the breakdown, will the minister tell me why postage is up some $60,000 while everything else is down?

Mr. ABBOTT: I do not know that we can give a completely satisfactory explanation as to that. The actual expenditure last year was $236,000. I am told by officers of the board that, with the rather rapid change in policy; with certain controls being released and certain changes made, the volume of

correspondence, particularly with district offices and the public, has increased substantially over the last few months, and therefore it was felt that perhaps it would be wise to increase the estimates for postage to some extent. But, as I said in connection with a similar estimate in another department, it is an estimate. If the money for postage is not spent, why—

Mr. MACDONNELL (Muskoka-Ontario): We won't give the stamps away.

Mr. ABBOTT: Precisely; as the hon. member for Muskoka-Ontario says, we won't give the stamps away. I am afraid that is about as detailed an explanation as I can give of the estimate of the increase in postage. I admit it does seem unusual that, where other items are substantially reduced, the postage item should be up.

Mr. FRASER: When the minister gives me the details of advertising I want them with reference to radio, the film board, the newspapers and the magazines.

Some hon. MEMBERS: Oh, oh.

Mr. FRASER: Hon. members may say, "oh, oh". This is the last of the session, and this is being rushed through, but there is no reason why we should not have the details.

Mr. ABBOTT: Here, again, it is an estimate. I can give my hon. friend the breakdown of the advertising costs for last year, which perhaps would be of some assistance in connection with the estimate for this year: radio serials, programmes of that type cost $326,000; farmers' bulletins, $81,000; advertising in connection with the emergency shelters, which is, of course, self-explanatory, $117,000; sugar services, $135,000; and meat rationing, $121,000; making a total of $780,000. Under "printing" the main cost is in connection with ration books, as the committee will appreciate. On that item last year substantial savings were achieved. Ration book No. 1 cost $173,228.

Mr. FRASER: I think that information has been given.

Mr. ABBOTT: Has that been given before?

Mr. FRASER: That has been given in the papers.

Mr. ABBOTT: That, I may say, is the important item of expenditure under the heading of printing costs. I hope that this year the cost of ration books will be substantially reduced.

Mr. FRASER: The minister gave the figures for radio last year. What is the amount this year?

Mr. ABBOTT: It is included in the lump appropriation. I do not know that there is a specific breakdown for radio. The total appropriation for all types of advertising and radio is, as the committee will see, $600,000, and out of that appropriation will have to come all forms of publicity and information to the public, whether it takes the form of newspaper advertising, radio, circulars and the like.

Mr. FRASER: The minister did not give the film board costs for last year.

Mr. ABBOTT: I will see if I have that. Miscellaneous films, $48,678.94.

Mr. FRASER: What is it this year?

Mr. ABBOTT: There is no specific appropriation; no allotment at all. If it were utilized it would have to come out of this $600,000.

Mr. FRASER: I have another question which I should like to ask. In a release dated August 27 appears this statement:

> Women's and misses' suits and coats
>
> As a result of wage rate increases approved by the Quebec regional war labour board, the prices board has authorized an adjustment in manufacturers' prices for women's and misses' coats and suits for a number of manufacturers in Quebec.

What about Ontario and the other provinces? Are they affected on the price, too?

Mr. ABBOTT: That is a question concerning which I shall have to get the information, and give it to the hon. member.

Mr. LENNARD: It is sweat-shop work; that is all.

Mr. ABBOTT: It may be that the wage scale was lower in Quebec than it is in Peterborough.

Mr. FRASER: We have well satisfied and excellent workers in Peterborough.

Mr. ABBOTT: I am sure you have.

Mr. FRASER: Last winter, not only in Peterborough, but in a number of cities across Canada children between the ages of six and twelve years were unable to attend school owing to the fact that they could not obtain from any of the stores long stockings to wear to school. Was that because of price, or why were they not able to get them? Why are they not on the market? To-day the Acting Minister of Finance can go into any store down on Spark street and try to buy a pair of socks for himself, and he will find them very hard to get.

Mr. ABBOTT: I know that. The answer—and my hon. friend knows it as well as I do—is that it is the aftermath of an expensive and disrupting war. This country, in common with

a great many other countries, is going through a period of shortages in many essential things. We hope that if people will get together and exercise moderation, as I said in other places, and do their fair share of work, that we shall overcome these shortages.

The condition to which the hon. member refers is not peculiar to Canada. As a matter of fact I believe that in that respect we are a bit better off than in some other countries. But it is perfectly true that I cannot buy shirts when I try to. I do not know so much about children's and misses' dresses, but I know that every effort is being made to overcome these shortages as quickly as possible. That is one of the great problems facing the prices board in trying to ensure a reasonable supply of essential goods. I agree with the hon. member that that type of clothing should have top priority.

Mr. FRASER: This release, which refers to an increase in price, it seems to me supplies the answer.

Mr. ABBOTT: In cases in which you authorize an increase in price, you cannot expect people to produce below cost. They will not do that. If a wage increase has been authorized it is pretty evident that if goods are to be produced people must pay the prices. That is the answer to that.

Mr. NICHOLSON: Could the minister tell us the amount involved in both consumer and producer milk subsidies last year?

Mr. ABBOTT: I have not the exact figure here, but I know the consumer subsidy was greater than the producer subsidy. The consumer subsidy was in the vicinity of $21 million. The producer subsidy was paid by the Department of Agriculture and, although I cannot make a positive statement, I think it was about $14 million or $15 million.

Mr. GILLIS: I wish to follow up for a moment what was said by the hon. member for Peterborough West. The release states definitely that the reason for the increase in the cost of women's and misses' coats was the wage increase recently granted in the industry. I think that is a misleading statement.

Mr. FRASER: Well, it is right there, in the document.

Mr. GILLIS: Yes, I know it is. It is obviously intended for one purpose, namely, to throw the onus of responsibility on the workers in the plant. Because there is a dollar or two added to the price of women's coats, that increase in the price of the coat in Quebec is not confined to Quebec alone. That coat is probably sold throughout Canada.

[Mr. Abbott.]

Does the wartime prices and trade board, when permitting an increase in the price of any commodity under its jurisdiction, make an examination of the cost factor involved, as to the position of the industry in question and as to whether the increase in price is warranted or otherwise?

Mr. ABBOTT: Invariably.

Mr. GILLIS: That was not done in the case of the increase in the price of basic steel.

Mr. ABBOTT: Yes it was.

Mr. GILLIS: And that was proven conclusively by Mr. Gordon himself.

Mr. ABBOTT: It was not poven by Mr Gordon, or by anybody else.

Mr. GILLIS: It was proven in the industrial relations committee, of which I attended every session, the minister being there on only one occasion. I would advise him to check Mr. Gordon's evidence—

Mr. ABBOTT: I have.

Mr. GILLIS: —before the committee. because he stated quite distinctly that he did not make an audit. He accepted the statement of the company's auditors, and in my opinion that is no indication. I say that because a telegram was received from the cost accounting department of the Steel Company of Canada, from one of their trusted employees, who had checked costs and compared figures, which were in conflict with the figures presented to the committee by Mr. Hilton, the president of the company.

My point is that if the taxpayers of Canada are to maintain an organization costing the amount of money the minister is asking the committee to vote, then I think, before prices are changed, a check should be made. I am convinced of one thing, that a lot of our difficulty to-day in industry lies in the fact that price ceilings were not maintained, that they were thrown to one side indiscriminately without any check as to whether there was any justification for price increases. I am convinced of that.

I believe the minister should now be able to answer specifically as to whether the price increase mentioned by the hon. member for Peterborough was checked, so as to ascertain whether it was justified.

Mr. ABBOTT: The answer is yes.

Mr. GILLIS: Because this is one time where a specific case is being brought to our attention. If one checks back on everything he buys to eat and wear to-day he finds the same

relaxation of controls and increases in prices all along the line—in clothing, in hats and in other commodities that were produced four or five years ago, and where no cost factor was involved. But those price increases have been granted, and the consumer is being taken for a ride.

If we are to have price controls—and I believe in them—then I am accusing the government, and will continue to do so, of taking controls off much too quickly; because, if there ever was a time when we needed them, it was during the transition from war to peace. If we are to have price controls, then let us have them. Let us have them honestly; let us have them applied realistically, and have examinations made as to whether there is justification for price increases. I do not think any of these price increases, right along the line, from basic commodities right up to these coats for women and young girls, could have been justified if proper examinations had been made. I do not think we should continue to fool ourselves.

Mr. MacINNIS: I wish to make some remarks along the same line. I had intended raising this question, but it has been raised by the hon. member for Cape Breton South, and by a number of others. When the house some time earlier in the summer was discussing the 12½ per cent increase in the price of agricultural implements I mentioned in the few remarks I made at the time that, before any price increases were granted, a public investigation should be held. I pointed out that when workers asked for increased wages they first had to convince their employers that such increase was justified. Then they had to go to the regional war labour board, either by way of a joint application with their employers or by way of an application by the organization representing them. If they were fortunate enough to get past the regional war labour board, then the matter went to the national war labour board.

However, when a company asks for an increase in prices of the commodities they are dealing in, they meet in private with the wartime prices and trade board and the public know nothing about it—mind you, it is the public who pay the shot—and the increases are granted or refused as the case may be. The question was discussed at considerable length in the industrial relations committee. As the hon. member for Cape Breton South mentioned, a telegram from a cost accountant working for the Steel Company of Canada was read. This telegram was addressed to myself, and it reads as follows:

Suggest you read lengthy telegram addressed to industrial relations committee at earliest opportunity. If our president continues using old figures I shall come to Ottawa to expose deception in public interest.

The chairman of the industrial relations committee received the lengthy telegram referred to, which in turn was referred to the chairman of the wartime prices and trade board, Mr. Gordon. On receipt of that, Mr. Gordon, we were told, sent chartered accountants—

Mr. ABBOTT: He had done so long before that.

Mr. MacINNIS: In any event the committee never got the report of the chartered accountants after they had gone into the plant following receipt of the telegram. That is one point I want to make. I have a letter from the same man. It is not confidential, and he states that a copy has been sent to the leader of each party in the house. I am going to read briefly from the letter. If any credence at all can be placed in it I think it supports the position I took in this house two or three months ago, that there should be public hearings before price increases are granted. We cannot allow representatives of companies to meet with officials of the government, no matter how trusted those officials may be, in private and then say that the information upon which the price increase was granted is confidential and cannot be made public. This man says:

Mr. Donald Gordon, chairman of the wartime prices and trade board, accepted the company's selection of facts—apparently without taking the precaution of indirectly contacting individuals acquainted with the costs which might be properly applied against a given period. I realize that Mr. Gordon is greatly overworked and has difficulty in finding and retaining competent men who neither own a business of their own nor plan to return to their previous employment in a particular industry. Nevertheless, I conceive it to be his duty to provide for brief public hearings before granting price increases or subsidies. It is beyond my comprehension that either the Steel Company of Canada Limited or the chairman of the wartime prices and trade board should be permitted to consider "confidential" any data so vitally affecting the cost of living of the Canadian people. Possibly I should add that public hearings in Hamilton would certainly have revealed that:

1. The Steel Company of Canada Limited was incurring out of pocket losses on some products and was therefore entitled to substantial price increases on such items.

2. Had these specific increases been granted, a general increase of $2—rather than $5—per ingot ton would have been quite adequate on all products of which the Steel Company of Canada Limited is the sole or principal producer.

3. The basic steel producers in Canada prefer to manufacture at a loss rather than allot unpopular sizes among themselves (with govern-

ment cooperation if necessary) so that each could make a profit on the cumulative demand for most of his allotted sizes.

From the bluntness of my remarks, you may have received the impression that I am a member of some radical group. Nothing could be farther from the truth, as I usually vote for the Liberal party.

Mr. ABBOTT: Is that the letter to Mr. Gordon?

Mr. MacINNIS: No, the letter to Mr. Gordon is attached, one of the numerous letters to Mr. Gordon, I believe.

Mr. ABBOTT: The letter to Mr. Gordon was shown to me immediately it was received.

Mr. MacINNIS: I am not going to quote from the letter to Mr. Gordon.

Mr. ABBOTT: It was along the same line.

Mr. MacINNIS: It is attached to this one. I submit that it is only a matter of prudence for the administration, before an agency of this government grants price increases that affect the whole economy of this country in the way that these price increases have affected it, first to hold public hearings. I hope the government and the wartime prices and trade board will take note of this and see that such procedure is followed in the future if and when further price increases are asked for.

Mr. ABBOTT: I take it that letter is from Mr. Weber.

Mr. MacINNIS: That is correct.

Mr. ABBOTT: Mr. Weber wrote to the chairman of the wartime prices and trade board a month or two ago along the lines indicated in the letter which my hon. friend has read. I cannot say just when, but Mr. Gordon came to me and showed me the letter immediately it had been received. We came to the conclusion that if the charges in the letter were well founded they were most serious. With my authorization, the chairman of the prices and trade board retained Mr. Walter Gordon of Clarkson, Gordon and Company of Toronto, to investigate the matter. Mr. Gordon went there and he had ample time to do so. I do not know whether his investigation was completed at the time the industrial relations committee was sitting, but it is now and I am advised—I have not seen his report—that his report is that without qualification there is no foundation in the charges made in the letter to which my hon. friend refers.

Mr. MACDONNELL (Muskoka-Ontario): We are dealing here with a vote of some $11,000,000. As a matter of interest I was comparing it with the vote for the Department of Fisheries and I find it is a great deal larger. It seems to me that we should have a general statement from the acting minister with regard to this large enterprise which we are carrying on and on which we are spending $11,000,000. Various detailed questions have been asked and answered, but I suggest that we ought to have a brief general statement, without going into detail, of what has been accomplished, what controls have been abandoned, what controls are still being preserved and what is the objective that is guiding the board at the present time.

As I say, I realize that the minister cannot go into a lot of detail, but it seems to me that, when we are carrying on a business at the expense of $11,000,000, some attempt should be made to give us a picture of that business, to show us what is being attempted, what has been accomplished and what still remains to be done.

Mr. ABBOTT: The most recent comprehensive statement was made by the Minister of Finance on July 5 and will be found at page 3180 of *Hansard*. There is very little that I can add to-day to that statement. In addition, there is the report of the wartime prices and trade board covering the period from January 1 to December 31, 1945, and including important developments up to March 1, 1946. That report contains the general outline of the policy during that period and an indication of the policy for the future. There is nothing I can add to the carefully considered and comprehensive statement made by the minister five or six weeks ago.

Mr. MACDONNELL (Muskoka-Ontario): I suggest that there have been certain important changes since that time.

Mr. ABBOTT: There really have been no changes because the minister's statement followed the change in the exchange rate between Canada and the United States and it followed the cessation of OPA in the United States. The minister indicated in considerable detail at that time the changes which were being made in our price control and economic stabilization policy to meet that situation. I could repeat what he said, but I am sure that is not what my hon. friend has in his mind. There is nothing I can add to what the minister set forth in his statement on July 5. The committee will recall that the question was fully debated on the want of confidence motion regarding agricultural implements. So that between those two debates I think the committee has a pretty comprehensive statement of government policy and intentions with respect to economic stabilization.

Mr. MacINNIS: The Acting Minister of Finance said that the special firm of auditors

which had investigated the claims made by Mr. Weber of the Steel Company of Canada had made a report. Would the minister table it or furnish to the committee a copy of the facts contained in the report? It is not sufficient to say now that the report found that the contentions made by Mr. Weber were not well founded. I think we should have the report or the information contained in it.

Mr. ABBOTT: I had not expected that this matter would be brough up. I can get the report. It may take me half an hour to get it. Then I would have to consider whether it was appropriate to ta' le it. Offhand I do not see any objection to tabling it. I will send for it.

Mr. NICHOLSON: Would the minister make a statement regarding the supply of two necessary household commodities, soap and salt?

Mr. ABBOTT: The shortage of salt is a straight strike proposition, which has resulted in a stoppage of production. I have a statement here on oils and fats, which are related to soap.

It reads:

The world shortage of oils and fats is one of the most difficult supply problems we have to face. For a great many years Canada has been far from self-sufficient particularly in respect of vegetable oils. We are normally very large importers of vegetable oils and considerable importers of certain types of animal fats especially inedible tallow.

The current short position in Canada is due in part to reduced supplies of vegetable oils in foreign countries and in part to a decline in available lard produced in Canada. During the war years the serious reduction in vegetable oils was almost fully offset by increased lard production from Canadian hogs. During the past year we have had to face further declines in supplies of imported oils and at the same time a reduction in domestically produced lard.

The available world supplies of oils and fats are allocated by the international emergency food council. Canada has been allocated its fair share but during recent months there have been serious difficulties in the physical procurement of the allocated supplies. We believe that we are now in the midst of the most difficult period and we are hopeful that we can look forward to a moderate but steady improvement within the next two or three months. The wartime prices and trade board has taken a variety of measures to ease the impact of these shortages. It has allocated lard and shortening to bakers and other industrial users on the basis of 80 per cent of 1941 usage; it has encouraged the maximum diversion of suitable fats and oils to edible uses; through its compulsory de-fatting of carcasses order it has saved many millions of pounds of animal fats at the source, a high proportion of which would probably have gone to waste had it remained on the carcass through to the retail butcher and the final consumer; it has placed temporary limitations on the quantity of fats used in the production of soap.

The current shortage of soap is also due in part to shortages of caustic soda, the supply of which has been seriously diminished by reason of industrial disputes.

Mrs. STRUM: Is any collection of fats being carried on as was done some time ago, or has that been discontinued?

Mr. ABBOTT: That was done under national war services. That has lapsed, but the de-fatting order to which I referred has largely taken up the slack.

Mrs. STRUM: What about the household fats that accumulate in kitchens; is that not being used? It is not being collected now.

Mr. ABBOTT: It can be re-used by the housewife, of course, but no attempt has been made to collect that source of fat.

Mr NICHOLSON: I think the committee are not very well satisfied with the minister's statement regarding milk. A little earlier he made reference to OPA in the United States. While I agree that, on the whole, the performance of our wartime prices and trade board is better than that of OPA I noticed in the Ottawa *Journal* of August 28, yesterday, a dispatch from New York saying that:

Paul A. Porter, office of price administration administrator, said to-day he would insist on restoring ceiling prices in the United States for fluid milk and dairy products. He said he would ask for the ceiling price of June 30, with subsidies for fluid milk.

I submit that if in the United States they are taking that step with respect to fluid milk, the Canadian government might very well reconsider its decision to discontinue the producer subsidy on fluid milk.

Mr. ABBOTT: There is nothing in that. Their price of milk in the United States is seventeen to nineteen cents. The pricing of milk in Canada was turned back on June 1 to the provincial milk boards, which are free to impose any ceiling they see fit.

Mr. NICHOLSON: It is not being turned over to the state authorities in the United States. The federal government there is taking the responsibility of seeing that the consumer will not pay more.

Mr. ABBOTT: In Canada we have the provincial milk boards. I do not think they have that in the United States. Our provincial milk boards are the best machinery to control the price of milk.

Mr. NICHOLSON: That was not the policy during the war. It was considered the responsibility of the federal government so that the cost of living might be kept down.

Mr. ABBOTT: With the abandonment of the consumer subsidy and the proposed abandonment of the producer subsidy, the control of the price of milk has been returned to the provincial milk boards.

Mr. DROPE: Would the minister say something further about the shortage of salt, which is getting worse and seriously affecting our cheese and creamery production. If something is not done to get a supply of salt, many of our cheese factories and creameries will be up against it to continue production. Would it not be possible to have salt imported from the United States to tide us over this shortage period?

Mr. ABBOTT: I am advised that salt is pretty scarce in the United States. The shortage in Canada is entirely due to the industrial dispute in the C.I.L. plant at Windsor. If that can be settled the supply of salt will be increased.

Mr. DROPE: It is reported to me that many cheese factories are having to grind up rock salt to put in cheese, which is not good for the quality of our cheese. Something should be done to relieve the shortage, which is most serious.

Mr. GILLIS: I hate to bother the minister but he is tangled up with the most important agency in Canada, so that we have no alternative. I should like to know if any action has been taken by the wartime prices and trade board to remedy a serious defect which has become apparent in its machinery since its establishment. There should be greater cooperation or liaison between the wartime prices and trade board and the national war labour board, which fixes wages. There was a good deal of criticism in the industrial relations committee because of lack of coordination. While Mr. Gordon clearly stated that it was not the job of the wartime prices and trade board to fix wages, and there was no actual representative from the war labour board on his board, except the deputy Minister of labour, who sits in as an observer—

Mr. ABBOTT: He is a member of the board.

Mr. GILLIS: Well, in reality the wartime prices and trade board do fix wages. They set prices and ceilings beyond which wages cannot go, and in that way they definitely rule in the field of wages as in prices. Theoretically they may not, but practically they do. Perhaps many of the difficulties in the field of industrial unrest might have been avoided if there were some understanding and if an official representative of the wartime prices and trade board and the war labour board sat in and did one job. The committee, when they presented their report to the house, definitely recommended that there should be closer cooperation and some official contact. Has anything been done to implement that recommendation? I think the time has come when we should be perfecting that machinery.

Mr. ABBOTT: I can only answer by saying I am convinced that there is the closest liaison and cooperation between the two departments of government. There is a certain inconsistency in the hon. gentleman's remarks, because it seems to me, though I may be wrong, that only a month or so ago he was saying that it was not necessary to raise prices if wages were raised; that a wage rise did not necessarily mean an increase in prices.

Mr. GILLIS: I will not allow the minister to get away with that, because there was never any such statement on my part. What I did say was that an increase in wages did not necessarily mean an increase in prices or an increase in factory cost, because I actually put figures on the record from the Hamilton Steel Company to show why wages had gone up over 40 per cent, but the cost had come down proportionately as a result of increased productivity. That was true in that particular industry. I realize that it cannot happen in all, but the blanket statement attributed to me by the minister is not in accordance with the facts.

Mr. ABBOTT: I did not suggest anything that could be taken as a blanket statement, but my hon. friend indicated pretty generally that a wage increase did not necessarily mean a price increase.

Mr. POULIOT: Before the item carries, I want to put something on the record. On August 28, 1939 I wired from Rivière du Loup to the Prime Minister as follows:

> War profiteers taking advantage of war scare to exploit people by raising price of necessary commodities of life sugar 45 cents flour 40 cents per bag in a few days stop It is a shame stop Please take means to stop it very urgent. Jean Francois Pouliot.
>
> Release to
> Canadian Press, Mr. Flaherty—Ottawa.

Two days later, on August 30, I received the following wire from the Prime Minister:

> Jean Francois Pouliot
> Rivière du Loup, Q.
>
> Situation described in your telegram of yesterday will be given immediate attention of the government.
>
> W. L. Mackenzie King.

I put these on the record because, while I have been responsible to a certain extent for

the creation of the wartime prices and trade board, I would not take the whole responsibility for it and for what it has done since its establishment, and I hope that the members of the board will do something other than try to justify their action when they refuse a reasonable request made by any member of parliament. We have an advantage over the members of the board in the fact that we live among the people and are in contact with them, and therefore we ask for a redress of their wrongs. I have a word to say in praise of Mr. Gordon for having closed the office in Cabano in my district. I prefer to have none than to have such trouble with a man who was making difficulty for all the good people who live there. I do not have so much to complain about the board in these later times, but I hope that when representations are made by any member of parliament we shall not speak to deaf ears.

Mr. CRUICKSHANK: One question. Is it reasonable to presume that the minister is in favour of the continuation of the subsidy for milk in order to keep the cost of living down?

Mr. ABBOTT: That is a matter which will be considered by the government, as I indicated earlier in the evening, and perhaps it would be improper for me as one member of the government to indicate my own views until the decision of the government as a whole is announced.

Mr. CRUICKSHANK: I think the minister is going to do his best.

Mr. ABBOTT: I would not draw too hasty a conclusion.

Item agreed to.

489. Commodity prices stabilization corporation, $90,000,000.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister say a word about this? Unless there is a statement covering the situation, this seems tremendously important. It does not seem to cover the whole subsidy situation. I would suggest that we ought to have the subsidy picture, and I will ask the minister to deal with the question in a comprehensive way.

Mr. ABBOTT: I will ask the parliamentary assistant to give the detailed estimates.

To answer the latter part of the question, this does cover all subsidies with the exception of producer subsidies which may be paid in the Department of Agriculture and which have been covered, if any, in the estimates of that department. For instance, there is the producer milk subsidy, the one we have been discussing this evening. It is paid by the Department of Agriculture and provided for in the agriculture estimates.

Mr. MACDONNELL (Muskoka-Ontario): But may I not ask the Department of Finance, which is the father and mother of all these things, to give us a complete picture of all our subsidies so that we may know what we are doing. This is an important part of our life. The impression sometimes gets abroad, I think, that in some mysterious way subsidies do not come out of our pockets, and therefore, it would be well to get the complete picture if we can.

Mr. MAYHEW: These are the estimates of the subsidies for the current fiscal year:

Coal and coke	$4,000,000
Fruits and vegetables, canned and dried	500,000
Iron	1,500,000
Milk consumers	6,600,000
Oils and fats	2,400,000
Rubber	900,000
Wood fuel	2,500,000
Woodenware and wooden containers	500,000
Miscellaneous	2,700,000

Then we have the trading losses:

Cocoa beans	$ 500,000
Coffee	4,000,000
Cotton yarn and fabrics	2,000,000
Dried fruit	3,000,000
Oils and fats	7,000,000
Tea	800,000
Wool and wool products	4,000,000
Miscellaneous	1,000,000

Mr. MACDONNELL (Muskoka-Ontario): Does that total $90 million?

Mr. MAYHEW: Import subsidies $42,000,000.

Mr. MACDONNELL (Muskoka-Ontario): Do the items that the parliamentary assistant has read total $90,000,000?

Mr. MAYHEW: I left out Wartime Food Corporation Limited, $100,000; administration expenses, $1,200,000; making a total of $90,000,000.

Mr. KNOWLES: Where do oranges and other citrus fruits come in, in this total?

Mr. ABBOTT: They are not subsidized; other citrus fruits are not subsidized.

Mr. NICHOLSON: In connection with the firms that have been paid subsidies, would the parliamentary assistant indicate whether they came within the excess profits tax category at the same time? In other words, is the financial position of a corporation considered before a subsidy is granted? If a corporation was in the excess profits tax category, was a subsidy paid?

Mr. MAYHEW: We have profit control of most industries, but not on the import subsidies.

Mr. NICHOLSON: It would appear to me that, before a company became eligible to draw from the public exchequer, it should be necessary that information be submitted that the firm really required these payments before any subsidies were granted. The statement of the parliamentary assistant does not seem to me to be satisfactory.

Mr. MACDONNELL (Muskoka-Ontario): I have a question along the same line. How are these subsidies arrived at? Take the instance of coffee. It would seem to me that coffee would not be classed as a necessity; it could almost be looked upon as a luxury.

Mr. ABBOTT: We take a bulk trading loss on coffee. I do not know what the view of the committee is, but I do not think one can look on coffee as a luxury. I suppose 999 people out of 1,000 in the country have coffee or tea for breakfast every morning. It is just as much a part of their diet as bread is. These items are considered as being items in the ordinary average man's diet, and are not luxury items. So far as I know, there are no subsidies on items which can be classified as luxury items.

Mr. NICHOLSON: When a firm makes an application for a subsidy it would appear to me to be reasonable that the company should submit evidence that it could not operate and make a profit without it.

Mr. ABBOTT: It does that in order to get an import subsidy. The subsidy is granted in order to obtain supply, not to help the individual importer, but to enable the product to be sold under the domestic ceiling. That is the purpose of the import subsidy. When an importer applies for a subsidy he must show that, without the subsidy, he cannot sell under the ceiling.

Mr. NICHOLSON: Subsidies were paid not only on goods imported but on domestic goods.

Mr. ABBOTT: Oh, but in these cases, as the parliamentary assistant indicated, in most industries there is profit control. In the case of the flour subsidy, for instance, there is profit control, and in others. These are the domestic subsidies, but there is a system of profit control. If the person in receipt of the subsidy is in the 100 per cent bracket, to use a common phrase, then he does not receive the full subsidy. There is a profit control imposed, so that he will not receive the subsidy and at the same time retain the twenty per cent refundable portion of his tax. That has been rigorously enforced.

Mr. NICHOLSON: Will the minister indicate whether that has been followed throughout all the operations of the wartime prices and trade board? If a firm was in the category of an excess profits tax firm no subsidy would be paid on the operation?

Mr. ABBOTT: I do not know that I can say it is followed in all cases. I am advised that it is followed in the majority of cases.

Mr. NICHOLSON: This is a matter of government policy, and it should be quite clear. If a firm was in the position where it was doing a better business than it had done in the basic period it would not seem to me to be in a position where it would require any subsidy.

Mr. ABBOTT: As I say, it is done in the majority of cases, but in some cases a firm was just not interested. It would say, we will not do business in this commodity; we have lots of others in which we can do business; let somebody else do the business. If it is an important factor in the distributing system we have to take action. In the vast majority of cases, in the cases which really count, that has been the policy which has been followed. In a good many cases the firms have not been too keen on it. They feel it is not fair. Nevertheless we have succeeded in establishing on the domestic subsidies a pretty comprehensive system of profit control and it has worked very well.

Mr. GILLIS: With regard to this $2,700,000 for the wood fuel industry, has the parliamentary assistant a breakdown province by province? How much wood was purchased under that subsidy arrangement?

Mr. ABBOTT: I am sorry to say we have not a breakdown of that item. The subsidy is paid by the commodity prices stabilization board, an agency of the board. This is where the vote is, but it is actually administered by the Department of Reconstruction, and in past years, as my hon. friend probably knows, it was administered by the Department of Munitions and Supply because the fuel controller is in that department.

Mr. GILLIS: It is not paid to the producer? That is what I am thinking of.

Mr. ABBOTT: No.

Mr. GILLIS: It is paid to the agency that sells it.

Mr. ABBOTT: I believe that is correct.

Mr. GILLIS: Can the minister obtain the figures province by province and place them on *Hansard?*

Mr. ABBOTT: I think the Department of Reconstruction and Supply can supply them. I shall ask my colleague, the Minister of Reconstruction, to get the figures. I would hope that it might take a little longer than we are likely to be sitting here this session, but in any event we shall do the best we can.

Mr. McMASTER: Surely a subsidy on coffee would be so much a pound, or so much a hundred pounds. I cannot understand why it is given to anybody because they made a lot of money or did not.

Mr. ABBOTT: It is a trading loss; it is not a subsidy. The corporation imports the coffee in bulk and sees that it is made available to be sold at ceiling prices. The trading loss on the coffee represents what would be the subsidy had it been paid pound by pound, but this is a more efficient and cheaper way of keeping down the cost of coffee than to pay a subsidy of so much per pound.

Mr. McMASTER: It amounts to the same thing; everybody is treated in the same way.

Mr. ABBOTT: No; it may vary. To-day the corporation may be able to make a large purchase of coffee at the market price, but that particular purchase may be sold at the ceiling price without any loss at all. On the other hand, it may be necessary to take a loss on other purchases.

Mr. McMASTER: Will the fact that exchange is now at par make a considerable difference in favour of the finance department?

Mr. ABBOTT: I would think it would be very helpful, yes. It is bound to be.

Mr. MACDONNELL (Muskoka-Ontario): I thought I had this clear in my mind, but the last remark of the minister has me fogged again. He spoke about a trading loss. First of all, I thought the agency referred to was the corporations themselves.

Mr. ABBOTT: Yes.

Mr. MACDONNELL (Muskoka-Ontario): That is correct?

Mr. ABBOTT: Yes.

Mr. MACDONNELL (Muskoka-Ontario): Then the minister spoke about paying so much to the individual importer.

Mr. ABBOTT: No; the government imports coffee and some wool, pays for these things and makes them available to the trade to be sold at ceiling prices. In most cases that results in a trading loss. That is the point I am trying to make clear.

Item agreed to.

490. Advances to Canadian wheat board for payments to millers and other manufacturers of wheat products, $18,000,000.

Mr. McKAY: What is the nature of these advances to manufacturers of wheat products?

Mr. ABBOTT: That is the subsidizing down to 77⅜ cents from $1.25.

Mr. McKAY: The first part of that item has to do with the payments to millers, does it not? I am referring now to the manufacturers.

Mr. ABBOTT: This represents the payments to the millers. The subsidy is down from $1.25 to 77⅜ cents, and all these payments are subject to profit control, which was referred to by the hon. member for Mackenzie.

Mr. CASTLEDEN: How many bushels would that represent? The difference between the 77⅜ cents and $1.25 is roughly 47 cents, and the total amount is about $18,000,000. That would be about thirty million bushels.

Mr. ABBOTT: It depends on the consumption. It is a mathematical problem, and an estimate. It covers all domestic uses—bread, cereals and so on.

Mr. CASTLEDEN: The wheat board provides $1.25 for wheat milled in Canada.

Mr. ABBOTT: That is right. The subsidy to the miller is down to 77⅜, and that is subject to profit control.

Mr. CASTLEDEN: That makes up for the difference, because this would mean that we use only 38,000,000 bushels in Canada. Our home consumption is about 60,000,000 bushels.

Mr. McKAY: Is the advance to the millers identical with the advance to cereal producers?

Mr. ABBOTT: Yes, the same.

Item agreed to.

Mr. MAYHEW: Before we leave, I promised the hon. member for Davenport to answer a question on rentals. It is a lengthy statement, and I am going to ask if I may put it on *Hansard.*

The CHAIRMAN: Is it agreed?

Some hon. MEMBERS: Agreed.

(The statement is as follows:)

Rental Regulations—Eviction Control.

The rental regulations have given some degree of security to tenants ever since rent control was first introduced. Until the summer of 1945 the landlord who wanted to occupy his own house could do so provided that he gave the tenant adequate notice. The regulations were changed from time to time, the length of notice varying from six to twelve months. Without this protection many landlords might have taken advantage of the

shortage of housing to demand higher-than-ceiling rents on pain of immediate eviction. At the same time this protection prevented or minimized the inconvenience and suffering that would have been caused by virtue of the housing shortage.

During 1945 the shortage of housing became progressively more serious. Dwellings which were occupied by tenants were being sold in large numbers for early occupancy by the purchasers. At that time the purchaser could obtain possession of the house if it was needed for himself or for some member of his family on giving six months' notice to vacate. Tenants who had been served notice to vacate felt themselves compelled, in many cases, to purchase houses and, in turn, to serve notice to vacate on the tenants of these houses. By the early summer of 1945 the prospect of widespread evictions throughout the urban areas of Canada had created a serious social problem. In the city of Toronto alone, for example, there were some 3,500 notices to vacate maturing in the three summer months. Many of these notices to vacate had been served upon families or dependents of veterans. There was no alternative accommodation for the many thousands of people involved across Canada. Consequently, the Government instructed the Prices Board to enlarge the existing system of tenant protection. This was done by Order 537, which imposed an indefinite "freeze" upon all tenants. At the same time, all outstanding notices to vacate were suspended.

In order to be fair, those purchasers or landlords who had given the tenants the proper notice to vacate were permitted to go before a court of rental appeals for a hearing. The decisions of the appeal judges in thes cases were based upon an assessment of the relative burden of hardship involved as between landlord and tenant. The one other exception to this indefinite "freeze" related to discharged service personnel.

The government recognizes that, in freezing virtually all leases relating to self-contained accommodation, it has drastically interfered with the normal rights of the property owner. This action is justified as an emergency measure designed to avoid far greater dislocation and social distress. Notwithstanding the many individual cases that can be shown to exist where the regulation works great hardship on a man who had purchased a home for the occupation of himself and his family, the situation would be far more desperate if the regulation did not exist. If this regulation were not in force to-day, it would be found that the turnover in houses would be enormously greater, tens of thousands of families would be under threat of eviction, and virtually every tenant family would feel itself insecure. At the same time, the enforcement of rental ceilings would be impossible, in many cases, if landlords were free to give notice to vacate to their tenants, or to threaten to give such notice. It is the extreme housing shortage which has created this situation, and nothing short of a considerable increase in the supply of housing will make it possible to relax this extra-contractual system of tenant protection.

The government is aware that some people have bought houses since order 537 was issued in ignorance of the fact that they could not obtain possession for occupancy. There have been cases where the sellers or the agents concerned have refrained from advising the purchaser of this condition. The government has done everything it can to acquaint the people with the existence of this regulation and cannot be expected to rectify situations of this kind in favour of the purchaser without nullifying completely the purpose of the regulation. It should be noted that, while order 537 sometimes operates to make it impossible for a veteran to move into a house which he has purchased in recent years, a much greater number of veterans and veterans' families are protected, as tenants, by the regulation in question.

Special provisions relating to veterans.

The "freeze" in question (order 537) does not apply in certain cases where veterans are involved. Under order 511, passed May 14, 1945, where a veteran (or his wife) owned a dwelling at the date of enlistment, he is entitled to obtain possession of the property for his own occupation on giving the tenant a specified notice, which is never less than three months. The other exception in favour of veterans relates to the case where the accommodation was occupied by a veteran at the date of enlistment and where the veteran is closely related to the landlord. In such a case the landlord may give the tenant a specified notice to vacate in order to rent the property to the veteran in question. These exceptions to the "freeze" are fair and equitable. They have the effect of enabling many veterans to re-occupy premises which they owned and which they had rented to others while serving with the armed forces, or which they had rented from relatives previous to joining up.

In the case of multiple-family buildings order 511 also allows a landlord to dispossess a tenant (after at least three months' notice) in order to rent the accommodation to a veteran who is a close relative of the landlord in question. This further exception to the general "freeze" was also made in the interests of veterans and was supported by representations from veterans' organizations.

The evictions of tenants which are taking place to-day relate mainly to cases of this sort, or to cases originally decided under order 537 where the balance of hardship was decided by a judge in favour of the landlord, and where the notice to the tenant has now matured.

It must be admitted that in certain cases it sometimes happens that both parties are veterans, and one veteran may be evicted in favour of another. This only goes to demonstrate the difficulty of extending still further the list of exemptions to the "freeze" on tenants.

Conclusion

The protection now given to tenants was introduced in 1945 because of the emergency caused by the shortage of housing. In that situation it was necessary to take drastic steps to call a halt to the movement of tenants in the interest of the greatest good of the greatest number of people. To be effective, it was necessary to keep the number of exemptions to the rule to a minimum, and the exemptions have been mainly in favour of veterans. The protection of tenants undoubtedly inflicts hardship on a small minority of landlords, and the exemptions in favour of veterans also work hardship on a small number of tenants. In recognizing this we should

[The Chairman.]

not forget that the regulations are intended to serve the interests of the majority of people, and by and large that objective has been achieved.

Progress reported.

BUSINESS OF THE HOUSE

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): Mr. Speaker, I have been informed that it was the desire of a large number of members to continue the discussion of these items of supply beyond eleven o'clock and to resume again at ten o'clock to-morrow morning. If that is the desire of the hon. members I would be glad to move:

That standing order 7 be suspended, and that from this day to the end of the present session Mr. Speaker do adjourn the house at twelve o'clock midnight instead of eleven o'clock p.m., and that the adjournment be to ten o'clock a.m. instead of eleven o'clock a.m. the following day, notwithstanding the resolution passed in the house on July 22 last.

If it is the desire of hon. members that that be done, I beg leave to submit this motion, although I would not wish to insist upon it if it did not meet with the wish of hon. members.

Motion agreed to.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF TRADE AND COMMERCE

369. Departmental administration, $199,115.

Mr. HOMUTH: I realize, Mr. Chairman, what a difficult position you have in your dual capacity of Deputy Speaker of the house and chairman of committees. There is one question I should like to raise, and I think I can raise it on this vote. I do not believe I shall be out of order in doing so because the vote has to do with salaries.

I raise the question at this time because, like many others in this country, I am somewhat worried about the trend of trade in the British empire. We have seen something of what our empire agreements meant to this country, and now we find that at a time like this, with shortages of materials, there is a tendency to open the flood-gates of trade without realizing what may happen in the future. One of the reasons I took so much interest in the industrial relations committee is that I realize that if we in Canada build up an expensive manufacturing policy we shall not be able to compete with foreign countries where wages are much lower and living conditions are quite different.

I think I know the British trader pretty well. I remember the empire conference in Canada, in which I took some part, I know something of the trade which is carried on within the empire, and of the businesslike way in which British traders go to work. I think the minister himself will admit that when it comes to a question of trade, when it comes to a question of making a deal, they do not think of the empire. They think of what kind of deal they can make; and they are pretty hard-headed dealers. The result is that we have to watch ourselves because, in the first place, in the United States and Canada we have the highest wage rates of anywhere in the world. We then come to England which has the second highest; France, Belgium, Denmark, Holland and those sections of western Europe the third highest; Germany and the Balkan states fourth highest; Russia and the neighbouring countries fifth highest, and what we call the eastern part of the world is sixth highest.

Those are the things we have to fight against. If we want to maintain our type of livelihood; if we mant to maintain our living conditions, we have to be most careful in our trade relations. So that I raise this point to-night, not because of this one particular item, but because of the effect it may have on the general trade of the country.

I do not think anyone would accuse me of reading speches, because that is not my practice. However, if to-night I refer to some material I have prepared I do so because I wish to set out certain points which are reviewed in an editorial which appeared in one of the local papers of the province of Quebec. The other day I chanced to read the leading editorial in the August 1 issue of the Quebec *Chronicle-Telegraph.* I shall not read it in its entirety, but it first sketches the measures which this session of parliament has passed to aid the British people in their heavy and worthy fight for post-war economic rehabilitation.

We all know what those measures have been. We have made available a billion dollars credit. We have agreed to furnish wheat at $1.55 a bushel instead of at a much higher price, which we might have exacted. We have given wide encouragement to British imports, especially manufactured goods.

May I just for the moment say this, that never were imports from Great Britain higher than they are at the present time. While I am not objecting to them, I want hon. members to realize what effect they may have on the future labour situation in the Dominion of Canada.

Finally, we refrained from formal protest, despite our rights under empire trade agreements, against the banning of Canadian manufactured imports from Great Britain, and at a time when we realized that the British people were short of Canadian dollars and had to conserve all their slender supply for the purchase of foodstuffs.

In other words, under the British empire agreements there are certain standards on which we could have stood solid, and said, "You are not living up to your agreement." We did not do so. I realize, of course, that hon. members look upon this party as the party of protection in Canada. I am quite proud to say that, to a limited degree, that is so. We did not protest against this because we realized that here was an international situation, here was an empire situation that meant much to the British people who had sacrificed so heavily when the war was on. We were prepared to do our part to help them obtain so-called American dollars which, in fact, were our dollars.

After referring to all-out cooperation with the British people in their present critical economic struggle, the Quebec *Chronicle Telegraph* goes on to call attention to a specific British treatment of a Canadian interest which, in the light of all pertinent considerations, seems completely ungracious and to call definitely for correction. The editorial says:

> For over half a century Canadian Club or rye whiskey had been imported into the United Kingdom prior to the late war, during which time such a wide popularity was developed for the brand at great expense and effort that it became literally a household word. The last permit for the importation of Canadian Club into the United Kingdom was granted, however, in January, 1941, and since that time repeated applications for further permits have been made without avail. As a result, the good will obtained through the years is being rapidly lost, and will have to be reestablished again, if it can be done, by means of fresh effort and expense.

The editorial then goes on to say that the British attitude is made completely inexplicable by the fact that during the period in which Canadian Club has been persistently embargoed, the United Kingdom has imported spirits from no less than fifteen other foreign and empire countries. In this connection the editorial comments—and I confess I cannot bring myself to disagree from the observation—that these imports came from countries whose governments—

> . . . take a lively interest in the present and future prospects of their products, while both the Ottawa Department of Trade and Commerce and Canada House remain continuously asleep at the switch.

I say that, not unkindly.

[Mr. Homuth.]

This discrimination against a Canadian product by the United Kingdom authorities seemed so inexplicable to me that I could hardly believe the facts were being correctly stated. I took the trouble, therefore, to look up the most recent official figures of imports of spirits by Britain. Realizing that they had this embargo against them, to my amazement I found that the situation was precisely as the editorial had represented it. During the first four months of this year, spirit imports into the United Kingdom totaled 778,699 proof gallons as against 313,486 proof gallons in the corresponding pre-war period. On their very face, these figures established that, at a time when spirit imports are being barred from Canada by the United Kingdom authorities, they are being admitted at more than twice their pre-war volume from other countries.

I wonder if the minister, in whose qualities of tact and diplomacy we all have the highest confidence—and I say that in all sincerity, because I have had a lot to do with the Department of Trade and Commerce in the pre-war period when we were trying to sell to France and other countries, and on those occasions I found no one more cooperative than the Minister of Trade and Commerce. I make that statement in all sincerity. I believe he has done everything he could, but I point out that here is something which, while on the surface it might appear unimportant, is in fact of considerable importance. It is important because everything we can sell in a foreign country is important to Canada.

So I say that I believe the minister could do a job in this instance. I believe that, in the interests of the continuance of the close relationship into which we have entered with the British people at the present time, no element of injustice should be left in the picture to breed possible future dissensions. I believe firmly in all the measures we have taken this session to assist the British people economically. But I do not believe that we should acquiesce in discrimination against our trade and see imports, with which we should certainly be allowed to compete, brought in from other countries. It may be that this matter of importing these spirits may not be thought to be important, but I want to remind the minister that, it does not matter what is exported, it is important for the people of Canada. I do not care what we import; it is important for the people of Canada.

Mr. Chairman, you represent a highly industrialized riding as I do. You have in your riding farmers and a rural population. We have to be careful that what we do to-day will be a precedent for the future. We have to do

these things in a way that will look after our working men. We have a fight on for higher wages which are supposed to represent better living conditions. I am all for it, but if those higher wages and that type of living conditions are going to jeopardize our position economically with the rest of the world, with low wage countries, with Russia which to-day economically and industrially is the biggest threat we have to face, then I say to the Minister of Trade and Commerce that we must be careful. He should make a strong protest to the government of Great Britain and make them realize that they cannot do these things against Canada.

Mr. BURTON: I had hoped that the Minister of Trade and Commerce would have opened this discussion with a general statement of the work of his department. I—and no doubt other hon. members—am somewhat perturbed at our lack of knowledge as to just what is going on in the department. Even though we are getting toward the close of the session, we still insist that we have some information in that regard. As far as I am concerned, when the next session rolls around, unless the minister can make arrangements with those who set the orders of the day so that we can have his estimates somewhat sooner, I am going to be prepared to stay a lot longer even though I have to bring a cot into the corridors in order to be able to stick it out.

As I say, we are all concerned about what is going on. Whom are we trading with? What are we trading for? How many trade envoys and other personnel have we? What are they doing?

An hon. MEMBER: Good work.

Mr. BURTON: Some one says, "good work", but that is what we want to have the minister tell us. As I said a moment ago, I was disappointed that we had not a statement from the minister.

Mr. MacKINNON: He has not had a chance.

Mr. BURTON: We hope they are doing good work, but we should like to know more about the work they are doing. We should like to know whether they are all doing good work or only some of them. We should like to know whether some are just making good fellows of themselves at somebody else's expense. We want to know what they are doing in the different countries.

When the meat board estimate was up for discussion I said something which I think I should repeat. Those people who represent us in different countries should make an effort to sell our articles to the people of those countries. If I am not mistaken, some countries have adopted a policy by which they attempt to follow their products, bacon for instance, right through to the distributor, so that the people buying that product will be certain that they are getting what they think they are getting under a proper trade name. There are many things like that we should have liked to discuss with the minister.

We should like to know whether we are just trading for the sake of trading, or whether we are trading to improve the living standards of the people of this country, in the first place, and to help people in other parts of the world who need help, in the second place. In trading, I realize it is necessary to operate with the idea of having a fair exchange of goods between countries. I realize that with some countries having had to face war for six years or longer economic conditions have been upset. I realize it is difficult to get off to a proper start. But I would point out that when we are trading we should always bear in mind that the people of our country—I have pointed this out in the house time after time—are entitled to a decent standard of living from the things they are able to produce from our natural resources.

We do not want to curtail in any way the movement of necessary supplies that can be sent to the countries that need them. Very often officials in the department become so much concerned with the carrying on of trade that they remind me of some of the old horse traders we used to have in the days when horses had still some attraction to many people. Many of those men traded horses just for the sake of trading, even though at times they might not make anything out of it. I am afraid we still have some old fashioned horse traders in the Department of Trade and Commerce.

As I told the minister last session, the department should become a little more up to date. In this connection I should like to quote from a letter which I received from a person who lives forty or fifty miles from my own home and which arrived only this morning. The things which he says in this letter are causing me considerable concern, because I know they apply not only to that neighbourhood but fairly generally over the prairie provinces. He said:

> Crops that looked like 40 bushels to the acre were caught by first—six weeks drought that burned them up bad. A heavy frost came on July 22. Then we had a hail storm that further reduced the yield and then to top it off, when

we started to cut, all the low spots in the grain were under water. Result, about 15 bushels to the acre of grade No. 3 or 4.

So many people were going about the country talking about a bumper wheat crop as if it were in the bag already, when the wheat was only coming into the head. This writer continues:

Of course we cannot buck the elements, and years of adversity, as well as a few good crops have taught us to take things as they come. But when man-made laws interfere with garnering the little crop we have got, it is time to complain.

May I interject here that when I have an opportunity to speak with this man I shall try to explain to him that it is not only man-made laws he has to contend with, because very often officials in certain departments who like to show their authority put a few additional regulations into effect. I just point that out, because often some people would lead us to believe that it is the law which is interfering with the free movement of people and trade, when often it is not the law but regulations. When we are talking about trade we should never forget that our best customers are the people right here in Canada. We must remember the importance of trading with our people in the various provinces of this country. When this man complains of man-made laws I want to emphasize that very often the real fault is man-made regulations which have not the status of law, although some people would like to put that over. He goes on to say:

I have a plough on order, paid for over a year ago, but cannot get it. There are thousands of acres waiting to be swathed and combined, but machinery is not available. So we fetched out the old binder but repairs are hard to get. You have really no idea of the thousands of dollars that are spent every day on telephone calls to locate some piece of machinery or repair, and the thousands spent on travelling from town to town to locate some sorely needed piece of repair—not counting the loss of time.

That is the condition which also prevailed last year. I remember I was in a little town about twenty-five miles from my home one day and I met a man who lived another twenty-five miles from there. We went into a little cafe and had a bite to eat, and he told me that he had spent all that day chasing up and down the country from one point to another trying to locate a few repairs he needed for his machine so that he could go ahead with his harvesting. This writer continues:

Two of my neighbours travelled all the way to Wisconsin, the only place where they could get repairs for their tractor and other machinery.

[Mr. Burton.]

That is a fine how-do-you-do. We go to work and export farm machinery and parts to the United States, and then some of our own Canadians have to cross the line to get repairs they need for their own machines to take the crop off in this country, crops that not only we in this country need but other people whom we are proposing to help by sending them food and machines and other things.

As I said before, I want to cooperate as much as possible with the minister, but there are some questions which we want answered, and I can assure the minister that he will have the appreciation not only of myself but also of my colleagues if he will so arrange matters with the powers that be who make the orders of the day for this house that his estimates come up for consideration earlier in the session.

Mr. POULIOT: Just a few words, Mr. Chairman. But first let me say to the hon. member for Humboldt that if he wants that procedure to be followed in the house he should not say that he will tell us more than he has done to-day because, if he does that, the estimates may come only after the session is over. If he really wants to have the estimates brought up for consideration earlier in the session, he must state that he will speak with great brevity, make no long speeches.

Mr. BURTON: I can assure the hon. member that I have not taken up one fraction of the time he has in delaying the consideration of these estimates.

Mr. POULIOT: My hon. friend must not consider what I said as a reproach. It was a most amicable suggestion because I want the same thing too, and I will tell the minister that if he will bring his estimates up earlier in the session I will make only five-minute speeches in the house.

An hon. MEMBER: Carried.

Mr. POULIOT: I will tell you that trade and commerce is the most important department in this country now that the war is over. Trade is the very lifeblood of our country, and those who do not believe that have not the least notion of the needs of this country in the postwar period. We have no information at all about trade. Trade does not exist. A trade of gifts, a Santa Claus trade, is not trade at all. Santa Claus is not a big merchant; he is not a big business man. But Canada is Santa Claus.

Mr. PARENT: Santa Claus makes a lot of money.

Mr. POULIOT: No; other people make a lot of money through Santa Claus. Santa

Claus is not a businessman, according to one of the greatest men whom my hon. friend admires and supports so much, Doctor Chisholm. According to Doctor Chisholm, Santa Claus does not exist.

Some hon. MEMBERS: Carried.

Mr. POULIOT: I am here to do my duty and I will perform it. This is not a joke at all. Trade is the most important thing in this country in the post-war period. It is important to the businessman, to the farmer, to the country storekeeper, to all those who are engaged in trade. All the men employed in industry benefit from trade, and if they ever knew that in this House of Commons a member who defends them is interrupted by some hecklers who are anxious to go home, and who unfortunately do not go, they would be astounded. How can a man go before the electors of his constituency and ask for their votes when he is untrue to his duty as a member of parliament and when he does not realize the importance of trade in the post-war period? I am most indignant on behalf of my constituents at these interjections, and I should like the constituents of those members who shouted out a moment ago to be here in this House of Commons and see the sad performance of their representatives in these late hours of the session.

If the estimates come before us late in the session, it is not our fault. These are some of the most important estimates that come before us because, if the Department of National Revenue succeeds in collecting taxation, it is precisely because of the benefits that will have come through trade to our merchants and to all our people in this country. Therefore trade is a vital thing, and it is just as vital for the farmers as it is for the industrialists and the working men.

What is the first condition of trade? The first condition of trade is economic independence. I repeat now what I said during the war, and which was not denied by a Tory to the core like the former leader of the opposition, the former member for York-Sunbury, Mr. Hanson: We must be economically independent. That is just as true as sunlight at noon. We must be economically independent, meaning by that that our commercial agents and representatives abroad shall not be under the tutelage of any other country and shall not have to report to British consulates, agents and British ambassadors.

The minister will remember that when the only consul general that we have, Mr. Scully, was appointed to New York, the Prime Minister announced that he would work in close cooperation with the British authorities. That is on record in *Hansard*. It is a fact, and if the position of our agent were such that there should happen to be a difference between English and Canadian businessmen, the Canadians should have the full support of our government. But in order to have it they should be prefectly independent and should not say to those of other countries, "Go ahead and we will follow you." I do not say that for the purpose of deprecating the merits of the minister, because I have profound admiration for him and, besides that, he is a personal friend of mine. But in these matters we must try to be realists and must realize the importance of both export and import trade. I have the more sympathy for the minister in that he is not the master of his department. There is the stabilization board, which is under the Minister of Finance, and he has also to wait for permits from the wartime prices and trade board, et cetera, et cetera. We are not free to export what we have. There are so many controls that the Canadian producer, the Canadian manufacturer, or the Canadian exporter is not free to trade with other nations, while the trade of other nations is made the easier. There are so many entanglements here that it is most difficult for any Canadian producer to ship his produce abroad to any other country in the world.

The first consideration in regard to trade being economic independence, the second is that we should sell at world prices; and of course it is not done in that way, because we sell at prices which are established by agreements. The Minister of Finance, on May 6, at page 1228-9 of *Hansard*, gave information about subsidies that are paid: For wheat flour, $147,000,000; fisheries products, $12,000,000; meat, eggs and cheese, $130,000,000, or a total of $273,005,422. It has been paid in part by a balance of $160,236,000 owing to the United Kingdom for the maintenance of Canadian troops in the United Kingdom and in theatres of operation between April 1, 1943, and February 28, 1945. I will not say now what I think of the controls at present. I will not say all I think of them, but I say that it is wrong, and I regret very much the inferiority complex of all the men in charge of public affairs, their inferiority complex toward graduates of Oxford, Cambridge and other universities. I find we need the least possible number of those men in all departments, including the Department of Trade and Commerce. What we need is men of experience and business standing like the minister himself, but his aides should be equal to himself.

We hear a good deal about the scarcity of wheat in England and it is very strange, but I always have something up my sleeve to

establish the veracity of what I say. We are told they have no flour in England, and yet I have here the third letter that was sent to Mr. Emile Ouellette, a grocer of Riviére du Loup, by Peek Frean's Company Limited of London. It is impossible to get Canadian biscuits in any store here. One may get only a package at a time, and yet this is the third letter from Peek Frean's Biscuits to Mr. Ouellette. It is dated June 10, 1946 and reads:

Dear Sirs,

We beg to refer to our export price-list dated February 1946, and have to inform you that, as a result of the increased cost of ingredients and manufacture, we have found it necessary to adjust the price of our Vita-Weat (Regd.) Crispbread in order to maintain the high standard of this product.

All orders dated as from to-day, therefore, will be subject to the net prices shown below.

How is it, if flour is so scarce over there, they can send us biscuits made in England when we cannot get Canadian biscuits over here? As regards the wheat business, I do not know what will be the understanding in connection with world agreements compared with British agreements, but in the United States the price of wheat is $2.10 and at Fort William $1.55, or a difference of fifty-five cents. On daily shipments of a million bushels the loss to the Canadian farmer is $550,000, or a loss over 300 days of $165,000,000. There was a subsidy of $14,300,000 to the wheat pool. It is a little more this year.

The London surplus wheat, mostly Canadian, was a million tons, and on United States pressure 200,000 tons has been shipped to the continent. It is exploitation. Why not follow the example of Peron, the President of the Argentine, who has exchanged amicable messages with Canada? The government in the Argentine bought all wheat at $5. It sold part of it to Peru for $9 and the other part to the Argentineans for $2, so that the exports paid for the cheap sales to the people living within the country. That is an admirable policy. Why, therefore, should we have the kind of policy on wheat that we have when there is a world price that we could get and get across the border, and get anywhere, and which the farmers do not receive? A huge amount is paid in subsidies for wheat, but the farmers are not satisfied because, even with those subsidies, they make a loss of $165,000,000 a year.

The CHAIRMAN: Order. May I remind the hon. member that the item with regard to wheat, under the Department of Trade and Commerce, item 375, was passed some time ago. It has already been approved by the committee. A discussion on wheat and grain at this time would not be in order.

Mr. POULIOT: Mr. Chairman, it is the practice to discuss everything connected with the department on the item of administration, because all that is done with regard to wheat, meat, milk and everything else and all the subsidies are controlled by the personnel of the department. The item that we are on is precisely the personnel of the department; but, as you insist, I shall not say much more, but I will ask questions.

Mr. DECHENE: Three cheers.

Mr. POULIOT: Then I will make my speech, and I will ask the hon. member, who is an old member, to keep quiet.

Mr. DECHENE: I will not keep quiet for a mountebank like you; just turn the other way.

Mr. POULIOT: The hon. member does not impress me at all.

Mr. DECHENE: Just a mountebank.

Mr. POULIOT: I am just as cool as a block of ice, and if he were the same he would keep quiet.

Mr. DECHENE: You are just a mountebank.

Mr. POULIOT: I would suggest to him to keep quiet. I have never been bullied by anyone, and the one who would bully me is not yet born. I say that definitely to him. He may frown at me, and he may curse me, but it is absolutely indifferent to me.

Mr. DECHENE: Surely you have earned your money now.

The CHAIRMAN: Order.

Mr. DECHENE: Do we have to stand for this?

Mr. POULIOT: Mr. Chairman—

Mr. DECHENE: There must be some rules of the house—

The CHAIRMAN: Order. I drew the hon. member's attention to the fact that the item concerning wheat had been settled and the hon. member stated that he would not continue discussing wheat. The hon. member for Temiscouata is in order to discuss other matters. He has the floor.

Mr. POULIOT: I thank you, sir. I shall ask some questions of the minister. I shall not ask him to answer me now. My questions will appear in *Hansard,* and I shall request him to tell his officials to send me the information asked for at the earliest possible oppor-

tunity. It may be after parliament has prorogued, but I shall not mind having them in September, which seems to be reasonable.

What was the subsidy on bacon and ham sent to Great Britain under Mutual Aid? What quantity did we ship to the United Kingdom in 1944, 1945 and 1946? What was the subsidy each year? Then, with regard to milk, what has been paid on the domestic production of milk? What quantity of powdered milk and cheese has been sent each year to the United Kingdom, and what has been the subsidy paid on it?

The reason why I do not agree with all the policies of the Department of Trade and Commerce is that we have built up a one-way trade with the United Kingdom at great sacrifice, and we are paying taxation for it. I do not see why we do not take advantage of the facilities that we have in this country to trade with other countries of the world.

I have other questions to ask the minister, but I should like to have a complete list of the subsidies which have been paid on food especially by the government so as to know what encouragement has been given to the export trade.

Before closing, I have only one more remark to make, namely, that the payments which are made to us are made from gifts and loans which we have made. It is most extraordinary, because our exports are paid for by taxation. When Mr. Bennett was in power I was interested in statistics on imports and exports, but at the time Canada was paying for her imports and our exports were paid for by the countries which received our goods. At the present time we are paying for both. We pay for the imports which come from the outside and we also pay by taxes for the exports that are made to other countries, because all the loans, Mutual Aid, et cetera, et cetera, come down to taxes. I sympathize with the minister; I mean it; I know of the obstacles he has in his way; I know the difficulties he has to surmount to reestablish Canadian trade as it was before.

We have great facilities to trade with other countries of the world, especially South America. To-day there are not many difficulties because we can practise barter; we can practise barter with all the countries of the world, and we should follow those trade practices. Great Britain indulges a lot in barter and they make a success of their trade. When we are told that we should have the trade of Great Britain it is forgotten that the trade of Great Britain is better now than it was before the war. Official statistics are to that effect, and the news has appeared in the press. It is not a question of not being a good Britisher to say that Canada must go ahead and have the best possible trade as we had before. We have made gifts. It is time for us to think of ourselves and to give the greatest possible impulses to our own trade. I know that the minister understands me and I hope that he will be sympathetic to these suggestions.

Mr. FRASER: I believe the minister is going to make a statement.

Hon. J. A. MacKINNON (Minister of Trade and Commerce): I certainly have no wish to hold up the estimates of the Department of Trade and Commerce, but I think it is fit and proper that I should make a brief statement on the estimates that we are asking the committee to approve.

Mr. FRASER: When the minister makes his statement will he mention the brief which was sent to him by the manufacturers' association and tell us what he intends to do about it?

Mr. MacKINNON: I am not just sure which brief the hon. member for Peterborough West is referring to at the moment, but I can assure him—and I am sure he is aware of this—that the Department of Trade and Commerce works in close and helpful contact with the Canadian Manufacturers' Association. The work that the Department of Trade and Commerce is doing to-day for the manufacturers and producers of Canada is highly appreciated.

I should like to refer, for a moment, to the remarks of the hon. member for Waterloo South. The import licensing system being operated by the United Kingdom authorities is basically dictated by their shortage of dollars and the need to devote their resources to the purchase of essentials. Early this year we were able to make arrangements which should ultimately lead to ensuring that those who have had a past history of trade with the United Kingdom will not be completely excluded from the market on the basis that their product is non-essential, but will be allowed to make at least token shipments pending the removal of import controls, to which objective the British as well as we are striving.

This arrangement for token shipments is beginning to work in respect of a limited list of commodities, and it is expected that the list will be extended from time to time. We are continually working on this matter with the United Kingdom authorities, but so far the United Kingdom does not include whiskies in the permitted list.

During this difficult transition period, and at least until the acceptance of principles which

it is hoped will be adopted in the forthcoming trade talks, the choice as to how the United Kingdom will use its limited supply of dollars is, in the last analysis, a matter on which the United Kingdom insists on making the decision. Frankly, as long as bread is being rationed in the United Kingdom it is difficult for Canada to insist on any particular export to that country.

Before going into the details of the different votes for the Department of Trade and Commerce, I am glad to make a brief preliminary statement on the major activities which the Department has in hand, more especially on those activities which occasion the chief increases that I am asking the committee to approve in the estimates for the current year.

The aggregate increase in the estimates for the department runs into a substantial figure—roundly $3,175,000—and I should perhaps emphasize the fact that the responsibilities of the department are spread over a much wider field than, I believe, is generally appreciated.

Roughly, one-third of the total increase, or something over a million dollars, is required for the six divisions that make up the foreign trade service. Here, during the remainder of this fiscal year, we are going to have to meet heavy additional costs if we are to be in a position to provide all the facilities that are needed to prosecute our trade with other countries in the most effective way. The main additional costs are those connected with the extension of our trade commissioner offices abroad, and of our trade publicity programme, both in Canada and in other countries. We shall have to make added expenditures also, but on a lesser scale, in order to place our headquarters organization here at Ottawa on a basis that will ensure that we can give the most efficient support to the men who are carrying on trade promotion in the field. Since the close of hostilities, we have made good headway in reopening our offices abroad, but there is still a great deal to be done in that direction before we can feel satisfied that we are adequately equipped to assist both import and export trade.

The heaviest increase in the votes for the current year, even larger than that for the foreign trade service, will be found in the estimates for the dominion bureau of statistics. Here the increase, compared with last year, amounts to roundly $1,360,000. Most of this is needed to cover the cost of the regular quinquennial census of the prairie provinces now being taken. However, there is a considerable increase also in connection with the bureau's general statistical work. This is mainly to take care of new lines of statistical investigation which were initiated by the war departments during the war years and which are now to be continued—but only in so far as they are considered to be essential—by the dominion bureau. May I emphasize the fact that great care is being taken to continue permanently only those wartime statistical developments that are really indispensable to the work of one or other of the departments of the government. We have in the dominion bureau of statistics a national institution of which we may all well be proud. The demands that are made upon the bureau for the extension of statistical work are literally endless and unceasing. There is no such thing as finality in limiting the kind and scope of the work which the bureau has to undertake, but I am satisfied that the utmost care is being exercised by the senior officials at the bureau to see that new work is taken on and new expenditures incurred only in connection with national statistical needs that cannot be put aside except to the actual and serious detriment of the public or of one branch or another of the public service.

May I add just a brief further word with reference to three or four other sections of the department which call for relatively small increases in this year's appropriations, but which, nevertheless, discharge very large responsibilities?

The work carried on by the board of grain commissioners relating to the grading and inspection of grain and to the management of the government elevators is, in itself, an enormous business, one which affects in the most vital way the world-wide trade of this country in grain and grain products.

Again, we now have in the Department of Trade and Commerce the Canadian travel bureau. The work of this bureau during the next few years is bound to be of the utmost importance in rebuilding a type of trade, which I think everyone regards as one of the most promising avenues of Canadian commercial development for many years to come.

Further, we are now in process of reviving the Canadian government exhibition commission, which was dismantled and dormant during the war years. In the field of international exhibitions an active period lies immediately ahead of us. Within recent months Canada has received invitations to participate in numerous exhibitions and trade fairs abroad, and I am convinced that in a business way Canada has much to gain by getting a first-class exhibitions organization set up as quickly as possible. Attention is being given to that need.

Finally, I should mention a group of three services in the department which, although they are not much in the public eye, discharge duties of great importance to the buying public. These include the weights and measures inspection, the electricity and gas inspection and the administration of the Precious Metals Marking Act—all designed to protect the Canadian public over a wide range of their consumer purchases. Work of this type—inspection of scales, electric meters and so on—requires highly competent technical officers, and it is a class of work in which there is likely to be material expansion within the next few years.

Mr. POULIOT: Just one word.

Some hon. MEMBERS: Carried.

Mr. POULIOT: I want to pass over to the minister some remarkable articles from the pen of Mr. Lorenzo Paré, of the press gallery. They appeared in *L'Action Catholique* in May, and they relate to subsidies for exports to the United Kingdom. The minister's officials may have an opportunity to read them later on; and, if he has them translated, as I hope he will, I will ask him to send me an English copy which I will send to one of my colleagues for his information and education in trade matters—the one who has just said "carried".

Mr. MacINNIS: I believe the hon. member for Waterloo South made some reference to the necessity of keeping costs of production down in order that we may get our due share of export trade. I have not the slightest doubt that representations will be made in that regard to the Minister of Trade and Commerce, and that they will be supported by some manufacturers with a view to lower wages. But I would suggest to the minister that he consider carefully pleas of that kind, because they may not be all they claim to be.

Those of us who have been interested in political affairs for some time will remember that certain textile companies in the province of Quebec, late in 1935, or early in 1936, made representations to the present government, which had just been elected to office, urging increased protection on cotton goods because of the competition with Great Britain, and for increased protection on rayon because of competition with Japan; and they threatened that, if such protection were not given, their plants might be closed.

The government of the day, to its credit, did not accede to those demands, and appointed a royal commission to investigate. It is some little time since that royal commission made its report, but I would just suggest to hon. members that the report is well worth reading, and particularly the brief presented by counsel appointed to assist the commissioner who, in this instance, was the Hon. Mr. Justice W. F. A. Turgeon. The counsel was Mr. J. C. McRuer, who at the present time is chief justice of the trial division of the supreme court of Ontario. Mr. McRuer began his brief with these striking, perhaps I might say startling, expressions:

> A shameful, sickening, story of heartless exploitation and wholesale robbery by men prominent in the public life of Canada. Inordinate greed, barefaced lying and criminal fraud characterize the careers of this gang of high-class crooks.

These were the leaders in the cotton manufacturing industry. Their plea was that, because of foreign competition and what they considered the high wages they were paying to their employees, they could not meet that competition. But when the commission had made its investigations and completed its findings, it found, as revealed in the report, that the wages paid were less than those paid to coolie labour in China.

Another gentleman who held the position of associate counsel with Mr. McRuer said this, in his brief respecting competition:

> It is destructive competition that maintains wages at a low level. When responsibility does not rest with foreign competition, it lies with domestic competition waged at the expense of the worker and resulting from the wage inequality between provinces, cities, towns and villages.

That is the statement made by Elie Beauregard, K.C., associate commission counsel at that time. So that I say the government and the minister should be particularly careful that they do not pay a great deal of regard to applications of this kind, and in any event, that such applications should be carefully investigated.

Export trade is important and, as I have said before in this chamber, the less self-sufficient a nation is, the fewer its resources, regardless of whether those resources are found in abundance or not, the greater is its need for export trade. But we need that trade, or we must have that trade as a necessity only in order that we may buy those things which we do not produce or cannot produce economically. Anything over and above that is trade that can and should be used to raise the standard of living of our own people. Let us be aware of the fact that Canada's best market should and must be in Canada itself.

Item agreed to.

371. Export division, $206,365.

Mr. FRASER: What is the position in connection with the export of fish products?

It is my understanding that our markets for fish have dropped away from us to a great extent in the last few years.

Mr. MacKINNON: During the war the export of fish has been under the allocation of an international board.

Mr. FRASER: Is it not now under UNRRA?

Mr. MacKINNON: UNRRA is only one organization that is getting some of our fish. The Department of Trade and Commerce is doing the buying for UNRRA.

Mr. FRASER: What about this commercial corporation that is set up?

Mr. MacKINNON: We are doing the buying through the Canadian Commercial Corporation.

Mr. FRASER: Have our foreign markets diminished? I understand they have.

Mr. MacKINNON: Smaller quantities of our fish exports have gone to certain traditional markets because, of necessity, we have been making much larger shipments than we did before to other countries in dire need.

Mr. McLURE: Must we still have export permits from Ottawa to make shipments to the United States?

Mr. MacKINNON: Some months ago it was necessary, over a wide range of products, to secure export permits. In recent months and weeks that list has been greatly reduced. Just as soon as we possibly can get away from the necessity for export permits we shall do so.

Mr. McLURE: We have in the maritime provinces numbers of small exporters. They will be shipping products valued at no more than $100 or $150, and it seems terrible nonsense to have to get a permit for each little shipment going to the United States. These are mostly fishermen who are shipping smelts in the summer time, or farmers who are shipping small quantities of their products during the season.

Mr. MacKINNON: This matter of export permits has been a great headache to the department. The Department of Trade and Commerce is merely the channel through which export permits work. These permits are issued by the department on the recommendation of controllers who are in touch with the supply situation in Canada and the necessity of maintaining sufficient in Canada for local consumption.

Mr. MACDONNELL (Muskoka-Ontario): This is a matter of great importance to the people living along the border, and I should like to ask the minister whether this is going to be cured. I can quite understand its necessity in connection with large quantities, but there is, I believe a legal maxim to the effect that the law does not concern itself with tiny things. It seems to me that a minimum ought to be applied. For instance, people are in the habit of sending over a few dozen eggs. Surely we can get some minimum to enable these people to live their ordinary lives.

Mr. MacKINNON: There is a minimum on certain products, and exports below that may be made without a permit.

Mr. MACDONNELL (Muskoka-Ontario): But apparently not on all?

Mr. MacKINNON: Not on all. In our conversations with the various controllers and other branches we are trying to get away from these export permits just as soon as possible.

Mr. MACDONNELL (Muskoka-Ontario): Who is the big bad wolf who will not let you do it? That is the fellow we really want to get after. You say there are controllers, and that is what we want to know.

Item agreed to.

372. Import division, $70,662.

Mr. McLURE: When exports are made to the free port at New York no duty has to be paid, but an export permit must still be obtained. If those goods are not sold an import permit must be obtained in order to bring them back to Canada. I do not know whether the minister can rectify this, but if these control boards are holding this up we should do our best to have them done away with.

Item agreed to.

374. Trade publicity and advertising in Canada and abroad, $459,000.

Mr. FRASER: I understand that during the last few months the department has advertised for advertising men. The Canadian information service are asking for $600,000 this year and I feel that the Department of Trade and Commerce should be doing this advertising rather than the information service.

Mr. MacKINNON: We do, definitely.

Mr. FRASER: What men have you obtained this year from the civil service commission to do advertising?

Mr. MacKINNON: We have employed a new director and an assistant director ourselves.

Mr. FRASER: They understand imports and exports and the advertising of our products?

Mr. MacKINNON: The director was a trade commissioner for fifteen years.

Mr. FRASER: Would you mind saying who he is and what is his experience?

Mr. MacKINNON: Mr. Butler was one of our No. 1 trade commissioners for a period of fifteen years.

Mr. FRASER: He ought to know something about the matter.

Mr. MacKINNON: He certainly does.

Mr. MASSEY: I notice from the details on page 217 of the estimates that $100,000 has been allocated to advertising abroad. Upon what basis is that amount arrived at?

Mr. MacKINNON: This is to enable us to do the advertising we think might be necessary. As a matter of fact we do not plan to spend more than a small portion, but we have asked for this amount in order to carry on a programme of trade publicity when we find it necessary.

Mr. MASSEY: The minister may be regarded as the sales manager for Canada and, as such, he should be vitally interested in the promotion of the sales which this country can achieve in the markets into which it exports. The sales manager of any business is interested in advertising, and he bases his appropriation on the extent of the markets and the volume which he hopes to sell. For example, what volume of sales had the minister in mind when he decided that only $100,000 would be required for advertising in foreign markets?

Mr. MacKINNON: We consider it inadvisable to go to even the extent of the amount asked for, because the government cannot be sure that we shall have the goods for export.

Mr. MASSEY: I can readily understand that, but no doubt the minister has noted the advertising carried on during the war by many companies which had no goods to deliver but who knew it was necessary to keep their names before the public. After all, you can build the finest mousetrap in the woods, but the world will not beat a path to your door unless you tell the world where you are and that you are making the best mousetrap. I do not wish to delay the committee at any length, but it seems to me that this item of only $100,000 is pathetically small.

We know in Canada that our goods are second to none. We have convinced the markets of the world that we can manufacture even the most intricate of goods with high success. The products that we made for use during the war had acceptance among the allied nations to such a degree that Canada was recognized as making the best munitions of war that were made. That reputation is hot at the moment, and we cannot afford to lose it. Therefore it seems to me that now is the time to bring Canada's name to the attention of the markets we hope to gain, and to have "Made in Canada" stand for quality. Actually "Made in Canada" means quality now to the personnel of the forces of the allied nations who used our war material, and "Made in Canada" can continue to mean quality. But we have to keep "Made in Canada" in front of the markets to which we hope to export, and if the vote for that purpose were $1,000,000 I would strongly support it, because it is one of the most profitable expenditures we can make. Any such expenditures will return to us manyfold.

Mr. CASTLEDEN: I wish to endorse what the hon. member for Greenwood has said. The expenditure for advertising abroad has been increased by only $5,000, from $95,000 to $100,000, while the expenditure for advertising in Canada is being increased from $30,000 to $200,000. What is the explanation of that difference and what advertising programme is in contemplation?

Mr. MacKINNON: The pressure of our advertising is being directed toward urging our people in Canada to become export conscious. There has been considerable criticism of the department because we are carrying on that advertising programme now when very shortly afterwards we have to refuse export permits to those who have received inquiries and orders from outside. But we feel that it is most important that the Canadian manufacturer become export-minded and maintain at least token shipments to old customers in other countries and to new customers wherever possible.

Mr. MASSEY: There the minister is definitely putting the cart before the horse. Make your Canadian manufacturer export-conscious when he is sure of the market for his exports. The minister is spending double the amount on advertising in Canada that he is going to spend in foreign markets. That is completely reversing what I think is the proper thing to do under the present circumstances. Spend double the amount on foreign markets, and

then let your Canadian manufacturer follow that up after the government has paved the way with its advertising programme. You are saying to the Canadian manufacturer: Export. He asks you: Where shall I send my exports? He says: I cannot afford to advertise Canada abroad; all I can afford to do is advertise my own business. It is the minister's job to advertise Canada. Let the minister say to the Canadian manufacturer: We are creating markets for you by our advertising. I think the amount which the minister proposes to spend on advertising abroad is pathetically small, as I have already said. I would ask the minister to comment on that.

Mr. MacKINNON: I am grateful to the hon. member for Greenwood for his comments, but as a matter of fact we do not need to do any advertising outside Canada to-day to get orders. We are turning orders away by the hundreds of thousands and by the millions every week because we simply cannot fill them. We could increase our export trade tremendously if we could only send more lumber, more paper, more agricultural machinery and other things abroad. It is not a matter of encouraging buyers from outside at the present time. Our great trouble is to make our producers and our manufacturers realize that the home market is not always going to take up their total production as it can do at the present time, and we want them to look forward to the day when they will be wanting to send their surplus production to foreign countries.

Mr. MASSEY: I fully appreciate what the minister has said, but let me add this as a final word. The minister will realize that "Made in Canada" has achieved a new position in the markets of the world to-day as a result of the last ghastly seven years. You cannot afford to let that go. Keep that phrase in its full implication vividly before the people of the nations to which we are going to export, whether we can export to them now or not. Have "Made in Canada" remain in the minds of those who know what "Made in Canada" means. If we do not do that, later on we shall have to advertise heavily to try to regain something we already possess.

Mr. CRUICKSHANK: Having had the privilege of hearing the hon. member for Greenwood for the first time since he returned to this house after an absence of two years, I want to endorse what he has said and to congratulate him on the excellent speech he made, endorsing the sale of salmon, a sample of which I sent over from British Columbia. I welcome the hon. member on his return to the house, congratulate him on his excellent speech and endorse everything he has said.

Item agreed to.

379. Exhibitions, $329,652.

Mr. MASSEY: Following along the line of what I said a moment or two ago I notice that $100,000 is being appropriated for participation in the Pan-American Exposition at Mexico City, whereas for participation in the British Industries Fair at London only $10,000 is being appropriated. It is unnecessary to remind the committee of the importance of the British Industries Fair. Would the minister explain the great difference in the amounts being spent on these exhibitions at Mexico City and London?

Mr. MacKINNON: These items were put in at the time the estimates were being prepared, and the $10,000 is just a preliminary item.

Mr. MASSEY: And it will be increased?

Mr. MacKINNON: Yes.

Mr. MASSEY: Hear, hear.

Item agreed to.

Dominion Bureau of Statistics—

381. Statistics, including contribution of $2,530 to the Inter-American Statistical Institute, $2,090,670.

Mr. MacINNIS: Does the compilation of the cost of living index come under this department through the bureau of statistics?

Mr. MacKINNON: Yes.

Mr. MacINNIS: There has been considerable criticism of the basis on which the cost of living index is prepared. It is desirable that we should have as reliable, a cost of living index as possible because it is used so often. I would suggest to the minister that he give consideration to having an investigation made of the items that should go into a modern cost of living index, with proper weight being given to the various items. The number of items included should, I think, be greatly increased to enable us to have a truer estimate of what the cost of living really is.

Mr. MACDONNELL (Muskoka-Ontario): There is a large increase here of nearly half a million dollars. We all believe in statistics and I have a high opinion of the head of the bureau; nevertheless it can run riot if there is no check. Who assumes responsibility for the size of the institution? It can be developed without limit unless there is someone keeping check on it. I do not

know what it was the year before last, but it has increased twenty-five per cent this year.

Mr. MacKINNON: A very large portion of that amount is required for services which the bureau has been asked to provide for the Department of Health and Welfare in connection with various activities.

Mr. FRASER: Family allowance?

Mr. MacKINNON: Partly—vital statistics.

Item agreed to.

Mail subsidies and steamship subventions—
383. Administration, $18,333.

Mr. ARCHIBALD: When can the port of Prince Rupert expect the subsidy put back on steamships calling there?

Mr. MacKINNON: The matter is under consideration.

Mr. BLACK (Cumberland): I wish to mention a matter of importance, namely, the ferry boat *Kipawo* which served in Minas basin, calling at the ports of Kingsport, Parrsboro and Wolfville. There is one port in the constituency of Cumberland and there are two in the constituency of Digby-Annapolis-Kings, represented by the Minister of Finance, who is not here to speak for his constituents. His constituents certainly need someone to speak for them in this matter. This boat was built in 1926 and named after the three towns involved, the ports of call. The boat was taken off early in the war and used for war purposes in Newfoundland. At the termination of the war it was sold in Newfoundland, even though the people interested agreed to invest a reasonable sum to purchase it or to secure a new boat to continue the service. During the war, motorists had to use gasoline and wear out their tires going 150 miles additional. This was the only ferry service in all Canada that was cancelled. I appreciate the attitude of the minister, because he told me personally that he was favourable to the continuance of it. The people have no service now. This ferry had been in operation for more than forty years. I would point out that unlimited sums were expended from the Canadian exchequer on the construction of ships of different kinds which have been sold at only a fraction of their cost. I have before me a list of some of these ships, but I will not delay the committee by reading them. I will mention only two items among those brought before the war expenditures and economies committee. There was the *Andre Dupre,* length 125 feet; monthly rental, $1,187.50, cost of repairs and rents while under R.C.N., $31,008.21; cost of reconditioning for return to owners, or cash settlement in lieu, $9,010.73. There is another one of which the cost of recondition amounts to $103,361.57. The people of the three ports were supported by the boards of trade in the ports of call and in the constituency of the Minister of Finance in order that this service which had been in operation for over forty years and which had always proved so useful might be restored. They have taken a great pride in the service. I would ask the minister to make a statement as to the policy of his department and its attitude toward securing a suitable ship and the question of having the service restored. If he takes steps to bring this about he will have the cooperation of all the people directly interested.

Mr. MacKINNON: I remember very well the hon. member speaking along the same line with reference to this same service a year ago. Since then, to the best of my recollection, I have not had a single request from anyone for it.

Mr. BLACK (Cumberland): The boards of trade have taken action in an endeavour to get a vote.

Mr. MacKINNON: I do not think anything has come to the department. However, I will look into the matter.

Mr. BLACK (Cumberland): The *Kipawo* was sold in Newfoundland under protest from the people concerned. They wanted it brought back.

Mr. MacKINNON: I will look into the matter.

Item agreed to.

Canada Grain Act—
389. Canadian government elevators, including equipment, $740,923.

Mr. ARCHIBALD: What use does the government intend to make of the Prince Rupert grain elevator this year?

Mr. MacKINNON: There is a great deal of wheat planned for shipment via the Pacific in this next crop year. I am not sure at the moment to what extent the Prince Rupert elevator is being used, but I shall make inquiries and write personally to the hon. member.

Mr. NICHOLSON: Could the minister make an additional statement in connection with Churchill facilities? There has been a good deal of discussion in the west, and he might indicate whether the Churchill elevator will be filled to capacity at the end of the grain season.

Mr. MacKINNON: I am informed that there is sufficient wheat at Churchill to fill the vessels which are already on their way to that port. I am further informed that the wheat board is providing from this crop sufficient wheat to fill at least two more vessels and to provide wheat for all ships that are being sent to Churchill. In addition to wheat, there are some other commodities that are being exported.

Mr. NICHOLSON: Will the elevator be filled at the end of the shipping season?

Mr. MacKINNON: With the situation in Europe we cannot promise to put any wheat in there that we shall not be able to move for a year.

Mr. NICHOLSON: It is better to have the grain there than in the fields.

Mr. MacKINNON: If we have a very large crop I can assure my hon. friend that the facilities at Churchill will be used.

Item agreed to.

Canadian government travel bureau—

390. To assist in promoting tourist business in Canada, $650,000.

Mr. HERRIDGE: Several provinces have travel bureaus. Does the department do anything to avoid overlapping?

Mr. MacKINNON: We have called a meeting of the various provincial departments that are in charge of tourist traffic. The meeting is called for October in Ottawa, and we have had responses from several provinces that their ministers, and, in most cases, officials, will be here so that we can coordinate our efforts along that line.

Item agreed to.

Mr. MACDONNELL (Muskoka-Ontario): Where do we stand?

The ACTING CHAIRMAN (Mr. Golding): Shall I report the resolutions?

Mr. MASSEY: I have no desire to prolong the discussion of the estimates, but we were told it was twelve o'clock. Item 390 did not carry.

The ACTING CHAIRMAN (Mr. Golding): We carried item 390, but I am sure the minister will permit a discussion on it.

Mr. MacKINNON: Certainly.

Resolutions reported, read the second time and concurred in.

[Mr. Nicholson.]

SUPPLY—CONCURRENCE

Right Hon. L. S. ST. LAURENT (Minister of Justice) moved:

That the reports of the committee of supply made to the house on May 10, 16, 17, 28, 29, 30, June 7, 14, 17, 21, 24, 28, July 5, August 6, 10, 12, 14, 15, 16, 17, 19, 23, 24, 26, 27, 28, less amounts voted in interim supply be now received, read a second time and concurred in.

Mr. BRACKEN: As a matter of information, may I ask what the purpose is in making this motion now when there are still other resolutions to come?

Mr. ST. LAURENT: I am informed that the resolutions should be printed in *Votes and Proceedings,* and if we left them all to the last day it would leave too much work to be done on that occasion. If they are concurred in this evening the printing can be started at once, and this will facilitate the arrangement for final adoption of the bill based upon the resolutions.

Mr. BRACKEN: The whole purpose is to avoid too large a bulk on some later matters?

Mr. ST. LAURENT: To have the printing commence at once so as to facilitate the proceedings which will be required in connection with the bill based upon the resolutions.

Motion agreed to.

On motion of Mr. St. Laurent the house adjourned at 12.08 a.m.

Friday, August 30, 1946

The house met at ten o'clock.

CANADIAN ARMY

CORRESPONDENCE BETWEEN MOUNTED POLICE AND NATIONAL DEFENCE RESPECTING FORMER OFFICER

Hon. DOUGLAS ABBOTT (Minister of National Defence): The other day in the course of the army estimates the hon. member for Lake Centre asked me to produce any correspondence which might have passed between the Royal Canadian Mounted Police and the Department of National Defence relating to one Mr. Elliott, a former officer in the army. I told him that if there were any letters which were properly producible, I would see that they were produced. My statement in that respect appears at page 5264 of *Hansard,* where I said:

If there is correspondence between the Royal Canadian Mounted Police which I take it is under the jurisdiction of the Department of Justice, and the Department of National Defence which is properly producible under the order, it will be produced. If there is

such correspondence, I do not know why it was not produced. I will look over the files, and if there is correspondence that is producible under that order, I will see that it is produced.

Mr. Diefenbaker: Without any qualification?

Mr. Abbott: Without qualification.

I find that I was in error in my assumption that the Royal Canadian Mounted Police is under the Department of Justice. The order calls for the production of correspondence between the Department of National Defence, the Department of Labour and the Department of Justice. There are five letters, three from the commissioner of the Royal Canadian Mounted Police, and two I think from the deputy minister of national defence in reply to these letters. All the letters are marked "confidential" and are not producible under the order. Of course, even if the order did call for the production of such correspondence it would not cover the confidential letters; therefore the letters cannot be produced.

Mr. GRAYDON: Will the minister please tell us why there are so many objections to giving the full facts in connection with this matter—because one letter after another has been refused production? The minister now raises another question of confidential letters.

Mr. ABBOTT: I did not raise the question of confidential letters, if my hon. friend will permit me. I raised the point that the order of the house does not call for the production of these letters. The letters are letters which passed between the commissioner of the Royal Canadian Mounted Police and the deputy minister of national defence. No order of the house would have been passed calling for the production of such letters, and no order was passed. That is the ground on which I say that the letters are not producible. In addition, I mentioned that they are marked "confidential." I do not think it has ever been the practice of the house to require the production of letters from the Royal Canadian Mounted Police in connection with their proceedings.

LABOUR CONDITIONS

STEEL STRIKE—FURTHER DEVELOPMENTS

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): Can the Minister of Labour give us a progress statement on the strike situation in Hamilton?

Hon. HUMPHREY MITCHELL (Minister of Labour): All I can say is that the conversations are going on.

COMMODITY SHORTAGES

CONDITIONS IN GLACE BAY AREA—MEAT RATIONING

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): I should like to direct a question to the Acting Minister of Finance. I did not have the opportunity of sending him notice of this question, because it arises out of a telegram I received this morning from the Retail Merchants Association of Glace Bay, Nova Scotia. Is there a possibility of relieving the extreme shortage of shortening and lard in that area? The merchants claim that they are receiving only fifty per cent of the supplies they were receiving in 1945. There is also a serious shortage of paper bags and wrapping paper. The merchants say that they have to discontinue the handling of a large number of commodities because of the shortage. These merchants question whether it is necessary to continue meat rationing. Will the minister take note of these questions and give me an answer when he can? I would appreciate his doing this.

Hon. DOUGLAS ABBOTT (Acting Minister of Finance): I shall bring my hon. friend's remarks to the attention of the wartime prices and trade board and see what can be done. I think that is the best answer I can give.

PRIVILEGE

MR. POULIOT—REFERENCE TO REMARKS IN DEBATE ON AUGUST 29

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Temiscouata): In the course of the discussion of the trade and commerce estimates yesterday an hon. member is reported at page 5608 of *Hansard* as having called me a mountebank. I will call him an angel, and both of us will be mistaken.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF TRADE AND COMMERCE

Canadian government travel bureau—

390. To assist in promoting tourist business in Canada, $650,000.

Mr. MACDONNELL (Muskoka-Ontario): What coordination is there between the dominion and the provinces in advertising the tourist business? My riding is extremely interested in the tourist trade and the Ontario government is doing a good deal to that end. I should like to know something about the coordination between the two governments

Hon. J. A. MacKINNON (Minister of Trade and Commerce): The tourist branch of the department realizes the importance of the closest cooperation with the various tourist agencies in the provinces and tries to maintain the closest contact with them. As Minister of Trade and Commerce I have called a meeting for Ottawa for the month of October, and all the provincial ministers in charge of the tourist business have responded one hundred per cent. In each case they have stated that they heartily approve our plans for coordination and have assured us that they will be present with their officials.

Mr. MACDONNELL (Muskoka-Ontario): That seems wise and right. In what has actually been done up to the moment, has there been any consultation with the provinces? Take Ontario, for example. Have there been any conversations with the Ontario department?

Mr. MacKINNON: I understand the director of this department maintains close contact with similar organizations doing this work not only in Ontario but in the other provinces.

Mr. HANSELL: This morning I received a letter from the secretary of the Alberta boards of trade. This organization coordinates the work of all the boards of trade of the province. The letter urged me to press for action in respect to the building of landing strips for tourists coming into the country. I know that this is not directly under the minister's department, but the letter suggested that air strips should be built at such places as Banff and Lake Louise. I do not know whether there would be any place at Lake Louise, because it is mountainous, but the suggestion would apply to Jasper and other parks. A good deal of the tourist traffic in the future will be carried by air. I call this to the attention of the minister because it might be discussed at the future conference. I would ask him to take the matter up with his colleague the Minister of Mines and Resources and canvass the possibilities in that direction, because it deserves consideration.

Mr. MacKINNON: It does deserve the closest attention and support, and I am in close touch with it. I shall be glad to carry out the hon. gentleman's suggestion.

Mr. McLURE: I would remind the minister that in March last I pointed out to him that in the advertising of the tourist business, so far as maps are concerned, Prince Edward Island appeared to be entirely omitted. He kindly stated that he would give the matter his attention. I would once more remind him of it and ask him to make a note of this so that our province will not be left out again.

Mr. MacKINNON: The information that I had was that the map in question was not the product of any Canadian department of government or any Canadian institution, but was published by private individuals in the United States. I believe I pointed that out to the hon. member on a former occasion. However, I will make a note of the question.

Mr. FRASER: The map which the tourist bureau sends to Americans giving information about Canada does not show this country to good advantage. Accompanying the map should be a letter informing the recipients that maps of various sections would be sent to them. I also suggest that when the conference is held the provinces be asked to indicate on their maps the different highways to available camping sites, because many Americans come here in trailers with camp equipment and go hundreds of miles without being able to find a camp.

Item agreed to.

Foreign trade services—

861. Trade publicity and advertising in Canada and abroad—further amount required, $16,750.

Mr. MacINNIS: I have some questions on the order paper respecting the export of lumber. How does the minister's department ascertain whether any company is shipping more than fifty per cent of its lumber? My information respecting one company is that it is shipping practically one hundred per cent of the lumber it produces, and ignores representations made to it by the Department of Trade and Commerce.

Mr. MacKINNON: The operations to which the hon. member has referred are under the direction of the timber controller, in another department of government. However he maintains a close check, and it would be difficult for me to believe that any one company is allowed to ship anything like its total production, or a quantity which would be out of line with the amount shipped by other companies seeking the export field.

Mr. MacINNIS: That may be so, but I should like to have some factual information on it. As the minister will have observed from my questions on the order paper, this company is also a producer of pulp and paper. All the lumber produced is of first-class quality, the poorer parts going into the pulp and

paper mill. The people in Vancouver are having great difficulty in obtaining first-class lumber, my information being that the lumber offered for sale is of third or perhaps fourth quality, and that that is all that is left for the smaller dealers. It may be that we have already dealt with the item respecting the timber controller. I suggest however, that this matter should be checked further so that British Columbia builders may have at least a fair share of the lumber produced in that province.

Item agreed to.

863. Electricity and gas inspection services, including administration of the Electricity and Fluid Exportation Act—further amount required, $46,720.

Mr. STEPHENSON: I should like to ask a question respecting the checking of weights and measures. My understanding is that inspectors are appointed to check weights and measures throughout the country, for which they charge a fee. For instance, when a check is made on gasoline pumps a fee is charged for each pump. What is the revenue derived from these fees?

Mr. MacKINNON: This item was passed yesterday but I shall be glad to get the information and let the hon. member have it later to-day.

Mr. STEPHENSON: If an operator has three or four pumps it costs him $15 or $20 every time an inspector comes around. That inspector can check perhaps eight or ten places each day, and it would seem to me the fees charged would bring in considerable revenue. Yet this department asks for about $1,800,000 for the purpose. Would the revenue not cover the costs in the department?

Mr. MacKINNON: This is a self-supporting service, the fees taking care of the expenses. The revenue goes into the consolidated revenue fund account.

Mr. STEPHENSON: These inspectors when checking scales use weights running up to 500 pounds. I have in mind an instance in which scales were checked, but after several years it was found that because of wear in the scales, when a weight passed over them, near the weighing capacity of the scale, the mechanism would lower to the point that it was resting on the foundation. The weights were entirely wrong; yet these people had paid over a number of years for having the scales checked. When inspectors check the scales I suggest they should use a weight equalling the capacity of the scale, if they wish to ascertain whether or not the scale is operating efficiently. In the instance I have in mind it cost several hundred dollars to have the necessary repairs made, and it was the weighman who found the mistake. This scale would probably weigh a load from ten to twelve tons, but the check would be made with a weight of only 100 or 200 pounds. This does not give a true indication of the weighing capacity of the scale.

Mr. MacKINNON: I shall see that that is brought to the attention of the department.

Mr. HANSELL: When item 861 was called, owing to the fact that we were proceeding rapidly I did not have an opportunity to ask a question I had in mind. I notice that this vote asks for a further amount of $16,750, although we have already passed an item of $459,000 for the same thing. While I do not object to these amounts, I would ask the minister to tell me what proportion of the money is to be spent on advertising in Canada. I have read carefully some of the advertisements issued by the Department of Trade and Commerce and published in Canadian periodicals, and I must confess that I have never been able to see the sense in advertising our foreign trade to our own people. They are more interested in buying Canadian products than in being fed with propaganda to bolster a foreign trade mania. I can see no other purpose in this advertising than that of trying to influence the minds of the people with the thought that the present Liberal administration is attempting to do the right thing by pursuing this particular policy. It may be the right thing; but I claim there is at least an element of using the taxpayers money to support a particular policy. I am certain if I were to take the time to read one of these advertisements and to question the minister upon it, it would cause him some embarrassment. I am not going to do that, but I would ask what proportion of these amounts, now totalling about $476,000, is spent for advertising in Canada. If the minister cannot give me the information now, I shall be content to receive it later.

Mr. MacKINNON: I will do that.

Mr. BLACKMORE: I take it we are still discussing the main item covering foreign trade services?

The ACTING CHAIRMAN (Mr. Golding): Item 863.

Mr. BLACKMORE: That is only one of the items under foreign trade services. Are we not discussing the general item of foreign trade services and then the details under item 863?

The ACTING CHAIRMAN (Mr. Golding): This item deals with electricity and gas inspection services.

Mr. BLACKMORE: There were some matters I desired to discuss under foreign trade in general, and I suppose it will be in order to discuss them now, because we are dealing with the general item of foreign trade services. I should like to ask a question or two as to what is Canada's ultimate objective with respect to trade, why she wishes to attain that objective, and whether she is giving any consideration to the probable international disharmony which may result from attaining it. I think matters of this kind should be considered for a few minutes, but if you rule against me I shall have to desist.

The ACTING CHAIRMAN (Mr. Golding): We shall have to deal with the specific item. There was a general discussion on administration, but we are now dealing with a specific item.

Item agreed to.

Dominion bureau of statistics—

864. Administration — further amount required, $5,810.

Mr. BRACKEN: I should like to revert back to item 862. You are proceeding pretty fast; I do not object to that, but when you do I should not like to be denied the right to go back to some of the items that have been passed. Item 862 deals with the wheat and grain division, I should like to ask the minister a question with respect to a matter that was raised yesterday, the meeting in Washington of the preparatory committee of the international wheat council. The minister knows and the committee will remember that we now have a wheat agreement with the United Kingdom for a period of five years. In answer to a question I asked yesterday the minister intimated that an official of his department, Mr. Wilson, was now in Washington attending the preparatory committee of the international wheat council. I asked the miinster if he could tell us anything as to what was going on, and he said that he did not feel that he could. In view of the agreement which has been made with Britain and the discussions now proceeding, in Washington, can the minister not tell us something more about what policies are being advanced by our officials in Washington? Under the United Kingdom agreement this country has arranged to sell two-thirds of its wheat crop for a period of four or five years, and we now have an official in Washington talking with other nations about some other plans for wheat. Will the minister tell us whatever he can as to what is going on and what position our representative is taking before that committee?

Mr. MacKINNON: As I stated to the committee yesterday or the day before, the international wheat conference has been in session on and off for several years, in an effort to bring forward definite recommendations which can be made to the various governments represented at the conference to regulate the supply and price of wheat internationally. The countries represented there are the importing and exporting countries. I think it would be inadvisable at the present time for me to say just what are the bases of the conversations, but the representatives of the various countries are endeavouring to arrive at some international arrangement that can be recommended to the countries they represent.

Mr. BRACKEN: Can the minister be a little more specific? The government is sending officials to Washington, and they cannot be going without some instructions. Are they just sent there and told to sit down with the other people to talk things over and then come back and tell what they hear? Or are they sent there with some definite instructions or objectives in mind? I do not want to embarrass the minister, but this is an important matter affecting one of the major sections of the Canadian economy. With parliament in session the government has somebody down there dealing with our whole economy. Some action may be taken and decided upon before this house or the Canadian people even know what is going on. I would like the minister to tell us what he feels he can as to what instructions this official was given when he went to this meeting.

Mr. MacKINNON: The wheat committee of the cabinet are in frequent consultation with the present representative, the chairman of the Canadian wheat board, who also attends these meetings, and another official of ours at Washington. The progress of the discussion is reported to us and suggestions are made. It is inadvisable for me to say more than I have said. An effort is being made by the representatives of the various nations to reach some conclusion which they can recommend to their respective governments on the matter of international wheat prices. I do not think I can say anything else, and I want the hon. member to understand that I am not trying to hold back anything.

Mr. BRACKEN: Is it not correct that three or four years ago several countries agreed on a tentative international wheat agreement?

Mr. MacKINNON: That is the foundation of these present meetings.

Mr. BRACKEN: An agreement was arrived at which was to be carried out immediately on the termination of the war, but something has happened. Can the minister tell us why there has been delay in proceeding with these plans as originally contemplated?

Mr. MacKINNON: Meetings have been held from time to time and adjourned because of differences of opinion. An effort is being made to bring the countries to a common understanding. The reason for delay is simply the inability to bring the different countries to some common understanding or agreement.

Mr. BRACKEN: Then your representative is seeking to bring about something like what was proposed in the international wheat agreement of three or four years ago?

Mr. MacKINNON: He has no authority to bind this government, but he has instructions to continue discussions along that line.

Mr. CASTLEDEN: Are the government elevators at the head of the lakes still being leased, and if so, to whom, and what is the term of the lease and the amount involved?

Mr. MacKINNON: Yesterday I had one of the members of the board of Grain Commissioners here with me just for the purpose of assisting me in answering such questions, but when the item was passed yesterday this supplementary was overlooked and I think the official went home last night.

Mr. CASTLEDEN: What company is leasing the elevators?

Mr. MacKINNON: We called for tenders some months ago for leasing the elevator, and the only tender we received was from McCabe Brothers.

Mr. CASTLEDEN: They had it before.

Mr. MacKINNON: Yes. The tender was not altogether satisfactory to us, and we negotiated with them and got a little better arrangement. Their tender was the only one, and the elevator is now under lease to McCabe Brothers.

Mr. CASTLEDEN: At what price?

Mr. MacKINNON: I have not that before me, but I shall be glad to get it for my hon. friend.

Mr. BRACKEN: One other question in regard to the matter I raised a few moments ago with regard to the tentative international wheat agreement which was proposed three or four years ago—five years ago, I am told. Can the minister now say whether that proposed agreement had the approval of this government, I rather thought it had, but I am not sure—or was it just a proposal that was advanced by officials of different governments?

Mr. MacKINNON: Any reply I make on that is subject to correction, because I am speaking from memory. I do not remember any formal approval by this government of the result of the negotiations referred to. If there is some specific point on which my hon. friend wants information, I shall endeavour to give it to him.

Mr. BRACKEN: My question is specific. I am asking, did this government approve the proposed international wheat agreement which was arranged in 1942, I think it was, by several governments? The minister said a little while ago that the officials had no power to bind the government, which everybody recognizes. But here was an agreement proposed and talked about as something good for the future, and I am asking whether it had the endorsation or approval of this government. The minister does not need to answer now, but I should like an answer before the house adjourns.

Mr. MacKINNON: I might as well answer now. I have no recollection of any formal ratification or adoption by this government of any arrangement made by the delegates at the international wheat conference. It is the wish of the government, though, that an agreement be reached between the exporting and importing companies that will guarantee the wheat economy of Canada.

Mr. BRACKEN: Will the minister say whether or not that arrangement had the endorsement of this government?

Mr. MacKINNON: I have just answered that.

Mr. BRACKEN: No, the minister said that he had no recollection of it.

Mr. MacKINNON: I am not trying to split hairs or avoid answering. I am telling the hon. member the exact truth. I have no recollection of that having been done. I do not think there was any formal acceptance by this government of any international wheat agreement or of the recommendations that were made, but I do not want to be too positive about it.

Mr. BRACKEN: Is not that question capable of a definite answer? Can the minister not look back over his records and then state

definitely whether the agreement proposed was approved by the government or not? He has told us that he is speaking from memory, but surely he can ascertain definitely whether the agreement was approved by this government or not. I do not want to embarrass the minister, but I should like to have an answer later.

Item agreed to.

Dominion bureau of statistics—
865. Statistics — further amount required, $196,718.

Mr. BURTON: This further amount of $196,718 is in addition to the main vote we passed last night of $2,090,670 for statistics for 1946-47. Why does the minister find it necessary to ask for this further amount in addition to the large vote we passed for statistics last night, and which in itself was an increase of $482,070 over the previous year? Why was not this $196,718 included in the main estimates tabled some months ago?

Mr. MacKINNON: The main estimates were prepared towards the end of October last, many months ago. The increase is largely accounted for by an item of $129,488 which the bureau of statistics requires for the preparation of an index of deaths as of January 1, 1925 to date and continuing.

Mr. BURTON: Did the minister not know last fall that this work was required to be done?

Mr. MacKINNON: No, the Department of Health and Welfare came to us comparatively recently and told us that they have found it necessary to have this index of deaths for checking purposes in connection with the family allowance.

Item agreed to.

Dominion bureau of statistics—
866. Census of population—further amount required, $86,680.

Mr. McLURE: I notice that $86,680 is the further amount required in addition to the $1,219,685 that we passed in item 382 in the main estimates for a census of population, making a total of $1,306,365. Is a census to be taken of the population this year?

Mr. MacKINNON: The quinquennial census for the three western provinces is under way now. That census has to be taken in accordance with the agreement made when these provinces were formed.

Mr. LENNARD: Is this amount and the amount voted last year in connection with the census all required for the census in the three western provinces?

[Mr. Bracken.]

Mr. MacKINNON: That is correct.

Mr. LENNARD: It is not for any other part of Canada?

Mr. MacKINNON: No, just the three western provinces.

Mr. ZAPLITNY: Last April I asked the names and addresses of the census commissioners in the three prairie provinces, which information I received. I asked also which of these are veterans of the first and second world wars. That question was not answered, but a note was added that the information was obtainable. I think I brought the matter to the minister's attention once since then. Has he the information now?

Mr. MacKINNON: I directed the officials of the bureau of statistics in charge of this census by circular letter to the census commissioners to obtain this information. The following memo was given to me. It is not a direct answer to the question, but I will give it as I have received it from the officials of the department.

The census commissioners must be carefully selected because of the importance of the work in their charge. Special qualifications are required. If the commissioners are well known and have numerous contacts, it facilitates the carrying out of the census, as people object to giving some information to enumerators. The right kind of commissioner can smooth out such difficulties. In consequence most of our commissioners appointed for the western census are men of quite mature years. There are fifty-six in all, thirty-three of whom are over fifty years of age, and eight between forty and fifty. A considerable number have been commissioners in previous censuses. Eleven of these men have had overseas service, seven of them in the first world war and four in the last. In addition, four served in Canada. Four were physically unfit and unable to take part in the war activities.

Mr. REID: May I ask whether, when the census takes place in 1950, the western provinces will be again included, or will the census taken for this year stand until 1956?

Mr. MacKINNON: Yes; the three western provinces will be included in the next dominion census. This special census is taken for a variety of reasons. The main one, I think, is that upon it is based the amount of money given to each of these three provinces by the dominion government in lieu of other considerations.

Mr. ZAPLITNY: How are these census commissioners appointed? Is it through the civil service commission, or a matter of direct appointment by the department?

Mr. MacKINNON: These men are not appointed by the civil service commission. They are appointed by the department, or really by the minister in charge.

Mr. ZAPLITNY: Is it the policy of the department in appointments of this type to give preference to veterans of the first or the second world war? I imagine that that would be the policy, but apparently in this case it was not, because it was not even known in the first place when I asked this question which of them were veterans and which were not, so apparently there was no thought of giving any preference to veterans. I have further proof of that by checking up from the local branch of the Canadian Legion at Dauphin, asking them if they had been consulted on this appointment in the Dauphin district. Their reply, dated June 17 and signed by the secretary of the branch, is that they had not been consulted in any way in the appointment of the census commissioner for that district. I do not want to kick up too much of a dust about it at this time, because the thing is over; the census has been taken; it is a dead horse. But I do wish to lodge a protest. Here is one case in which the local branches should have been consulted and I think could have recommended to the minister suitable men who were veterans. To my knowledge there are men in the Dauphin district who could have served very well in that position. But the legion was not consulted, and in looking over the list I received in answer to question No. 1 I am inclined to suspect—I would not make this as a categorical statement—that the appointments seem to follow more or less of a patronage trend. The minister can say whether that is so or not.

Mr. GRAYDON: That would be an accident!

Mr. ZAPLITNY: He said a moment ago that appointments are made of men who have "wide contacts" within the district. I must say that in Winnipeg North, for example, the gentleman who was appointed happened to be the defeated Liberal candidate—who, I imagine has fairly good contacts.

Mr. MacKINNON: I imagine he would have.

Mr. ZAPLITNY: Although experience showed, as an hon. friend suggests, that his contacts were not sufficient.

Mr. GRAYDON: He didn't make the best use of what he did contact.

Mr. MacINNIS: He just didn't have enough.

Mr. ZAPLITNY: I find other instances of defeated candidates of the Liberal party or other good wheel-horses who did very good work for the Liberal candidate. I do not want to mention any names, but that has happened close to my own district. I want to tell the minister, while I have the opportunity, for his own information that there is a considerable amount of resentment amongst veterans who feel that they should have been consulted and should have had an opportunity of recommending men for these positions, because the men are available, men who served in the first great war and in the second great war, who could have done that job just as well, and to whom, I believe, the preference to which they were entitled should have been extended.

Mr. BURTON: I would like to support what the hon. member has said, in the line of reasoning with the minister—and we believe he is a man one can reason with—that it does not tend to the credit of the government to have that sort of thing going on. While some of these men have done good work and carried out their job properly, the fact of the matter is that the way they were appointed leaves that stigma.

A moment ago, when the minister was replying to a question of the hon. member for New Westminster he explained that the five year censuses in the prairie provinces are necessary in order to determine payments of subsidies due to those provinces. I should like to follow that up a little farther.

An hon. MEMBER: Don't go too far.

Mr. BURTON: Never mind; that is what we are here for, to go on to the proper conclusion, to get the proper answers.

An hon. MEMBER: No; he is here to go home.

Mr. BURTON: It is quite proper to go home when the work is done. I should like the minister to give the information, if it is available, as to just what benefit this has been in past years to these provinces or to the dominion government. I can understand that in the beginning, when the provinces were first organized and tremendous increases of population were taking place for a few years, these censuses were necessary. But is it worth while, now, after this period of time, to have a census every five years, and what action does the government take in respect to increases

or decreases in population in that period? For instance, if we have a redistribution bill passed at the next session—and it might have been passed this session—it would not take into consideration any decided increase that we might have in Saskatchewan, but would still use the 1940 census as the basis, with the result that so far as the redistribution is concerned the census would not amount to anything to any of the three western provinces. I should like to know from the minister if the census at the present time every five years is worth while, or should steps be taken to make some arrangement with the provinces which we can get on the ordinary basis. I am not suggesting that we should; but I should like to know just what advantage has accrued to the provinces or to the dominion by having these censuses.

Mr. MacKINNON: The taking of this census is a statutory requirement. I am told that in 1936 there was a suggestion that this quinquennial census be dropped. But it was retained, not only because it is a statutory obligation but because of the strong demands from the three western provinces for its continuance. Redistribution is based on the ten year census, not on the quinquennial.

Mr. BURTON: I am not saying it should be done away with, but I should like to know what the three prairie provinces have gained from the quinquennial census.

Mr. MacKINNON: I have not the figures in front of me; I can get them for my hon. friend.

Mr. CASTLEDEN: I have been informed that the census commissioner for Yorkton is the president of the Liberal association. Does the minister know whether that is true or not?

Mr. MacKINNON: I do not know whether it is true, but quite possibly it is true.

Mr. CASTLEDEN: Thank you very much.

Mr. MacKINNON: I can tell the hon. member that I listened carefully to the representations made by the hon. member for Dauphin, but in spite of that I have not had one single criticism from my province or from any other part of Canada as to the manner in which the census commissioners have carried on their work.

Mr. ZAPLITNY: Since the minister has made that remark I want to make it clear that I am not complaining about the manner in which they are doing their work. I imagine that they do their work efficiently. I was complaining about the manner in which they were being appointed, because it smacks of political patronage, and I object to that.

[Mr. Burton.]

Mail subsidies and steamship subventions—Eastern local services—

870. Grand Manan and the mainland, service between—further amount required, $52,000.

Halifax, Canso and Guysboro, service between—further amount required, $16,000.

Owen Sound and ports on Manitoulin island and Georgian bay, service between—further amount required, $30,000.

Prince Edward Island and Nova Scotia, service between—further amount required, $45,000.

Saint John, Westport and Yarmouth and other way ports, service between—further amount required, $7,000.

Mr. McLURE: There is an amount in this item for the Prince Edward Island and Nova Scotia service on the Wood islands route, where there are two steamers.

Mr. MacKINNON: Yes.

Mr. McLURE: The *Prince Nova* and the *Charles A. Dunning*; this service given by the Northumberland ferries is the very best service that we have with the mainland. They are giving a service to-day which is beneficial to the farmers, because their rates on automobiles and trucks with freight are common sense rates and not an overcharge in any way to be compared with those in effect on the Borden-Tormentine ferries. The rate is hardly more than one-third of that which is charged on the Canadian National Railway on the Borden-Tormentine ferry. Is that the limit that the minister is going to give to the Northumberland ferries for that excellent service. I suppose they have made representations to him. If they are satisfied with it I am glad to see it in the estimates this year.

Item agreed to.

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

247. General administration, $1,040,595.

Mr. FRASER: Will the minister tell us why there is an increase this year.

Hon. J. J. McCANN (Minister of National Revenue): This appropriation covers the general administration of the Customs Act, the Customs Tariff, the Excise Act, the Special War Revenue Act and amendments, the Civil Service Act, 1918, with amendments, the Civil Service Superannuation Act of 1924 and the regulations established thereunder. This involves the responsibility for the collection of customs and excise revenue and the authority for legislative expenditures and repayments. The main addition in the expenditures is due to increased personnel and the increase of $38,720 in salaries. The cost of living bonus

has increased by $3,200, and printing and stationery by $2,500. The total is $44,420, which brings the appropriation up to $1,040,595.

Mr. FRASER: The minister did not mention the one item which brings the increase up, namely, the short wave station.

Mr. McCANN: That has nothing to do with this item. We shall come to that. The administration of the Canadian Broadcasting Act is not under the national revenue department; it comes under the Minister of National Revenue personally, and further items are provided for it. It will be time to discuss it when we reach that item.

Mr. IRVINE: Will it be possible to reconsider the imposing of taxes on community groups which are organized for the chief purpose of developing the musical abilities of the individual boys and girls and young people in a community? I have particular reference to a group known as the Alcan Follies. The primary object of this group is not to provide entertainment but to educate boys and girls. To this end they have spent a good deal of their money to form their organization and get their instruments, music and so forth. We are at a loss to know why music festivals should not be taxed—and I do not think they should be—whereas organizations of this kind are. Will the minister promise to give reconsideration to this point? I have already discussed it with him privately, and I should like him to express an opinion on the matter.

Mr. McCANN: The matter as it stands is that where an amusement of the type referred to is entirely for charitable purposes the amusement tax is not collected; but where part of the benefits accrue to an individual or to a group of individuals, the amusement tax is applied. Where they are strictly charitable and for purposes that have been indicated by the hon. member, and where the money which is received does not accrue either to an individual or to a group of individuals, the tax is not collected. Further consideration might be given to what the hon. member suggests.

Mr. MACDONNELL (Muskoka-Ontario): Has any progress been made in the enterprise which the Minister of Finance outlined to us last autumn when he said there was to be a review of the whole machinery of taxation? He spoke strongly about it at the time. The minister will agree that there is a widespread feeling throughout the country that that should be done. I wish he would tell us just what progress is being made.

Mr. McCANN: I presume the hon. member for Muskoka-Ontario is referring more particularly to the income tax.

Mr. MACDONNELL (Muskoka-Ontario): More particularly, yes.

Mr. McCANN: I suggest that we delay that discussion until the taxation division is under review. We are now dealing with customs and excise.

Mr. McLURE: I should like to get some information on a question I brought up under other departments. Probably I can get it in this department. In the exporting of goods to the United States, to what are called the free port zones, the customs department in Charlottetown last year did not seem to have any information whatever as to how to proceed with shipments. I recall one case in which a man came into the province with the intention of exporting a considerable quantity of goods. He was buying and exporting goods to the free port zone in New York, and the customs officer at Charlottetown, properly so, took the matter up on this man's behalf with Ottawa, but it took a whole day before the exporter could get his papers through. What I am coming at is this. The department should provide these customs officers with all the necessary information for shipments of that kind. I realize that such shipments are new; that is, shipping dutiable goods into a country and placing them in the so-called free port zones. They do not pay the duty until the article is sold. I would ask the minister to give instructions to our customs agents and other men in similar positions so that too much trouble will not be caused the exporter. The department has a customs officer in Charlottetown who cannot be surpassed for service to the people. I believe he extracts every cent of duty it is possible to get on an article but he takes it by the painless method. I do not believe there is any man in the customs department in any province who is held in higher esteem than Mr. Goodwin, and I am glad to say this on his behalf, because he did excellent work on the occasion I speak of. He used the telephone and telegraph, he got in touch with New York and Ottawa, and as I say, it took a day for the man to get his papers completed.

Mr. McCANN: What sort of commodity was he dealing in?

Mr. McLURE: Furs. They were dutiable and were going into the free zone.

Mr. McCANN: The free zone would not make so much difference. Our department acts as agent for trade and commerce, and if the shipper had the proper export permit there would be no delay on our part. I am glad to hear the commendation of the officer at Charlottetown, and I may say that similar comments come from one end of the country to the other with regard to the service of all the officers.

Mr. McLURE: The express company should know that the article is dutiable and that the ordinary export entry is not sufficient. If they knew this they would not carry the article. I suggest that instructions be given the officer down there when he issues the export permit so as to have it acceptable to the express company or whatever transport company it may be.

Mr. McCANN: We will canvass the situation and see if it can be clarified.

Item agreed to.

Customs and excise divisions—

250. Ports, outports and preventive stations, including pay for overtime of officers notwithstanding anything in the Civil Service Act, and temporary buildings and rentals, $8,804,898.

Mr. McKAY: Is it the policy of the government now to reopen some of the ports of entry from the United States which were closed during the depression years? Conditions have changed since that time, and the reopening of these ports would not only facilitate tourist traffic coming into Canada but would in the long run be a good thing for our economy, because it would make it easier for our own people to move back and forth between this country and the United States and it would provide a certain number of veterans with employment, because at many of these ports of entry we have veterans who are doing an excellent job. I have in mind a certain port of entry in Saskatchewan which I know very well and which was closed. It is south of Weyburn at a place called Beaubier, which was closed in the depression years. There is a considerable demand that that port be reopened so as to facilitate traffic between the United States and Canada. The minister will no doubt say that when the traffic justifies the reopening of the port it will be reopened, but I would point out that there is no way of gauging what the traffic is, because many of these people go to other ports of entry and have to go many miles out of their way in order to move back and forth. Has there been any change of policy in relation to these ports?

[Mr. McLure.]

Mr. McCANN: It is not contemplated that there will be any change in the policy with reference to the opening of ports that have been closed. As a result of an investigation by a royal commission some years ago the recommendation was made that many of these smaller ports be closed with a view to improving the appraisal system. We have found that sufficient service is being given all along the border line, and that service is improved because of the fact that we are able to get men who are better fitted to make the appraisal. It has been a matter of economy, without diminishing the service rendered the country.

Item agreed to.

Customs and Excise divisions—

251. To provide for payment of expenses, law costs, refunds and awards arising out of seizures and charges of contravention of customs or excise laws, $300,000.

Mr. McLURE: Are bequests made by American citizens by will to Canadian beneficiaries duty free and tax free?

Mr. McCANN: There is a tariff item which covers that.

Item agreed to.

Taxation division—

252. General administration, including authority to create positions and make appointments within the division, notwithstanding anything contained in the Civil Service Act and the said positions and staff so appointed are hereby wholly excluded from the operation of the said act, $955,695.

Mr. MACDONNELL (Muskoka-Ontario): In the budget speech last autumn the Minister of Finance said he realized there was a great deal of questioning in the country not only as to the taxation law, not only as to the amount of taxation fixed, but as to the procedure, the machinery of collection. He said at that time, if I remember correctly, that he was proposing to see that a full inquiry and review into the whole situation was made. I am not so sure he referred to it specifically in his last speech, but I believe there was a reference there, and I should like to know what has been done and is being done. Anyone will agree it is a matter of common knowledge that people throughout Canada are greatly troubled about the various aspects of the machinery and procedure, and have been longing for simplifications.

Mr. McCANN: I believe I can assure the hon. member that the matter is well in hand. The Minister of Finance in his budget speech said, I believe, that a departmental committee had been set up, and that the legislation is

now under review. The matter of administration was canvassed by a committee which worked on it for some time and presented a report which I tabled in the house at the last session, early in December. That had to do with the establishment of adidtional district offices in Canada. It is proposed almost to double the number of offices at present in operation. In adition to the main office in Ottawa we have nineteen regional offices, and it is proposed to add thirteen, bringing the total to thirty-three. Because of the scarcity of materials for construction we are having some difficulty in getting available accommodation in towns and cities in which we intend to open these additional offices. The Department of Public Works has had difficulty in doing any building. It is equally difficult to lease premises. Then there is the matter of personnel. It is difficult to get a sufficient number of people with training as auditors or assessors or in other skills necessary in connection with income tax and succession duties. However this whole matter is under review, and progress is being made toward the objective we have in mind, that of giving better service to the public.

Mr. MACDONNELL (Muskoka-Ontario): The minister's statement seems both satisfactory and unsatisfactory. As to having more local offices and extending facilities, I should think that would be a wise procedure. I had not expressed any opinion on that, but it sounds reasonable. What I wish still to know is this. Is there any basic revision—and this is what the Minister of Finance suggested last autumn—or is the department just ironing out little inequalities which might occur here and there? My impression is that the last time this matter was considered, and when it was discussed in the press, the view was that it went very deep. It was not simply a matter of adding a few offices here and there, but rather one of going to the very root of our taxation procedure. Probably that is difficult at the present time, owing to changing conditions. But has there been a basic study, not of this or that detail in connection with offices or personnel, but of the whole taxation structure? I am not referring only to a routine review, because I know it is always being subjected to that. I want to know whether a basic review is being made, because nothing less than that was contemplated in the minister's remarks last October.

Mr. McCANN: I think if the hon. member will review what was said by the Minister of Finance he will see that the basic review has to do with the legislative side of the matter. That is being studied. What I referred to more practicularly, and what I know more about, is the administration end of it. Progress is being made along that line. It is being studied from the legislative point of view, and ultimately will be reviewed.

Mr. FRASER: The minister said he was going to open new offices; I hope one of them will be at Peterborough, because we certainly need one. While I am on my feet I should like to ask about inspection of income tax. The department sends inspectors to different offices. I have in mind an instance in which two inspectors went into an office while the man in charge was busy. They said, "We would like to see your books." He said, "I am busy, but you are welcome to them. Come into my inner office and I shall get them for you." He seated them at a desk, got his books, placed them on the desk and said, "Gentlemen, if there is anything further, just call me and I shall come out and check it with you." He was busy for some time, and upon returning to the office discovered that the inspectors had gone. They had gone through his books—and had also gone through his desk and taken a few odds and ends out of it, without his knowledge. I do not think that is proper procedure.

Mr. McCANN: I agree with the hon. member, one hundred per cent. That was malfeasance of office, and will not be condoned.

Mr. FRASER: I am glad to hear that, because I did not think the minister would stand for it.

Mr. CAMPBELL: I was pleased to hear that the minister is considering the opening of more regional offices. Last winter I had occasion to meet a number of farmers in my constituency who were going to the regional office in Saskatoon. They had to travel three hundred miles, and it took them four days. If there were more regional offices I believe the department would get more funds and the farmers would get more satisfaction. I met these men when they were returning from Saskatoon, and they felt that they had received satisfaction from having travelled to that office. Some of the difficulties which had been troubling them were ironed out. They did not have to pay as much as they thought they would have to pay. When the minister is considering these new regional offices I hope he will put one in North Battleford. If he needs any help in securing a building, I shall be glad to cooperate with him.

Mr. LENNARD: I do not believe the setting up of more regional offices will remedy the situation. I do hope that the new legisla-

tion being considered in connection with the collection of income tax will put that collection on a businesslike basis. There is nothing more inadequate than the present method of collecting income tax. It would be against the law for any private business to penalize a person for not paying a bill which had been rendered. In my opinion a taxpayer should submit what he considers is an honest return on his income during a certain year, and the government in turn should render a bill, and until such time as the government has rendered the bill, there should be no penalty. A private concern could not do it, and it is ridiculous for the government to impose a penalty in connection with income tax returns that are not made out correctly, probably through no fault of the persons concerned. This is especially so when the department itself is two or three years behind in checking returns.

Mr. McCANN: There is no law that requires anyone to send a bill.

Mr. LENNARD: You know what I mean.

Mr. McCANN: A notice of assessment is not a bill, it is statutory; it must be in by April 30 of the succeeding year for which a return is made. In essence that is the bill. The man makes out his own bill, which is examined and corrected and then the assessment notice is sent out.

Mr. LENNARD: Does the minister consider it right that a man should be penalized when the department is three years behind?

Mr. McCANN: As a matter of equity any man who owes money to the crown for three years should not have the use of that money without paying for it.

Mr. LENNARD: Yes, but he is not aware that he owes the money to the crown until three years after he is supposed to have paid it.

Mr. STEPHENSON: Has there been any improvement in the checking of income tax returns in order that a person may know before four or five years whether the return is correct or not? Perhaps there was some excuse duing the war for this delay, but in peace time the returns should be along before four or five years. As the hon. member for Wentworth has said, a man does not know whether his return is correct or not. Then when he is advised that there is an error and he owes the government so much money, he is charged interest and then on top of that a penalty is imposed. One case was brought to my attention in which a man was advised after three or four years that he owed money and that they would garnishee his wages if it was not paid. He was able to show a marked cheque with which he had paid his income tax when it became due.

Mr. McCANN: The income tax officials are not infallible. You can pick out isolated cases in any business where errors occur. The matter of assessing is being much improved, but we cannot make the transition in the administration from war time to peace time as quickly as some people would like or as we would like. During the war years it was hard to get the proper type of official for the department, and as a result of that, and with the great increase in the number of returns during those years, there could not be anything but delay in making the assessments. We are on the road to bringing conditions back in conformity with normal business methods, and within a short time I think the public will see a considerable improvement.

There are some district offices in which the assessments are almost up to date for the preceding year. In the Ottawa office the assessments for 1944 are ninety-eight to ninety-nine per cent up to date, which is a good record. The 1945 return does not come in until the end of April, 1946; you have to have a period after that, and of necessity assessments are at least one year after the returns are made.

Mr. STEPHENSON: Does the minister think it fair that a man making a return which is correct to the best of his knowledge should have it sent back after a number of years with the statement that it is not correct and that he must pay a penalty? I cannot see any justice in that.

Mr. LENNARD: A few moments ago the minister answered me by saying that a person who owed the crown money should pay reasonable interest. I agree with him, but I support the hon. member for Durham who contends that he should not be penalized on top of having to pay the interest.

Mr. MACDONNELL (Muskoka-Ontario): The minister may be correct in saying that legally a man who owes should pay interest; if he has calculated wrongly I suppose it is presumed to be his own fault and he should pay. However, the crown is not following its policy of extremely low interest rates, and I agree with hon. members who have spoken that if you charge a good round rate of interest, that ought to be enough.

Mr. McKAY: Has consideration been given to increasing the exemption, if I may put it that way, allowed for a farmer's wife? I do not particularly like the word "exemption," but I

will have to use it. I know this matter comes under another department, but the administration is under the minister.

The ACTING CHAIRMAN (Mr. Golding): That would be under the Department of Finance.

Mr. McKAY: Administration would be under this department.

The ACTING CHAIRMAN (Mr. Golding): That does not come under National Revenue.

Mr. McCANN: As every one knows, the Department of National Revenue is entirely administrative. No matter what the rules or regulations are, we try to carry them out. If the hon. member wishes to have something changed, he should take it up with the Minister of Finance.

Mr. STEPHENSON: The minister did not answer my question. I asked him if he thought it fair that people should be penalized. Perhaps the Minister of Justice could give an opinion.

Mr. ST. LAURENT: As I understand it, there is no penalty. There is a statutory rate of interest charged up to thirty days after the notice of assessment is delivered to the taxpayer. It is only if he fails to pay within thirty days from the notice that there is an increase in the rate of interest. That increase is the only penalty I know of, unless there has been failure to comply with the requirements of the law in respect to the production of returns. As I understand it, the income tax is due on a certain date. A large number of the ratepayers are fortunate enough to be able to make out their returns in a manner that is not very much varied by the assessors when they go over the returns. Others, some no doubt in good faith and perhaps some who are not sure of their ground, take the benefit of the doubt in their own favour in making up the statement of what they should pay. If it is found that they have made it up at too low an amount, there is a rate of interest charged to them from the due date to the thirtieth day after the delivery of the notice of assessment. That is supposed to be a rate of interest charged for their having had in the meantime the use of the money.

Mr. LENNARD: Eight per cent.

Mr. ST. LAURENT: It is four per cent up to thirty days after the taxpayer receives his notice of assessment. Then, if the amount shown in the assessment is not paid within the thirty days, the rate goes up to seven per cent. I do not know of any penalty other than that additional two per cent which is the extra rate for not paying within the thirty days.

Mr. STEPHENSON: I have not a tax form with me, but I know I had to pay a penalty which was pretty near as much as the amount of the interest. I had no notification for three or four years after I made my return that it was not correct.

Mr. COYLE: What interest is due the man who has overpaid his tax three or four years ago?

Mr. McCANN: It is a long established rule and custom that the crown does not pay any interest.

Item agreed to.

Taxation division—

254. District offices, $11,594,826.

Mr. ZAPLITNY: Does the refundable portion of the compulsory savings come under this item?

Mr. McCANN: Yes.

Mr. ZAPLITNY: Is it the intention to start paying back the refundable portion in the near future, and if so when?

Mr. McCANN: According to the law, the refund on 1942 tax must be paid by the end of March, 1948. That could be changed by order in council, but it has not been changed yet.

Mr. McLURE: I had an experience with a case that was sent to me this year which I think I should mention. I finally took it up with the deputy minister. This man had not made any returns for about a year and a half; he neglected all the notices that were sent to him, and finally received notice that drastic measures were threatened. He got excited about that and started to write to the members of parliament in his district, including myself. I appeared before the deputy minister of taxation, told him of all the good qualities of this man that I knew of, and presented his case in a sympathetic way. The deputy minister then said, "Well now, let me tell you all the headaches this man has given me and my department and all the costs in connection with it." I listened to that, and it was all true. But let me tell the committee how the department treated that man afterwards. The deputy minister said, "You have heard both sides of the case. What would you say should be done? Whatever you say we will do if it is fair." I must say on behalf of the deputy minister of taxation, with whom I was dealing, that he settled that case very satisfactorily to that

man. That is the other side which I think should be told when we hear these complaints.

Mr. LENNARD: The minister said that the Ottawa regional office is pretty well caught up, which I was pleased to hear. Can he say what other regional offices in Canada are in the same position?

Mr. McCANN: I cannot give the figures, because they vary with the regional offices. The reason I mentioned the Ottawa office is that I am one of its customers myself, and when I happened to be in there the inspector proudly pointed out to me what the position was with respect to assessments in that office. Keeping up with the assessments is contingent, of course, upon obtaining suitable personnel and proper accommodation. Some of the offices are terribly overcrowded, and others are undermanned. It is hard to get the proper personnel for this kind of work. However, conditions generally with regard to assessments are improving.

Mr. LENNARD: Would the minister make a note of the question now so that he will have the information when the estimates come up next year?

Mr. McKAY: The 1945 income tax form was supposed to be in simplified form. Is the same form to be used for 1946?

Mr. McCANN: The form will be substantially the same, but every year the form has to be amended to conform with the amendments in the law. The 1946 form will contain the new table of rates.

Mr. McKAY: There will not be any radical change in the form?

Mr. McCANN: We do not expect any radical change.

Mr. ROSS (St. Paul's): In Toronto what we need more than anything else is more space for the income tax office. The staff is very efficient, but you just cannot pile more and more people into a crowded office and expect results. The business of the office will be conducted far more efficiently if more space is provided for the people who have to work there. They are very much overcrowded. I compliment this staff on the work they are doing under such conditions. They are doing a real good job. The deputy knows the situation in Toronto, and I would ask the minister to take this matter under his wing and see if we cannot get more office space. Then we should need fewer people, they would all be happier, and a far better job would be done.

Item agreed to.

[Mr. McLure.]

General—

256. Government office economies control division—administration, $10,910.

Mr. MACDONNELL (Muskoka-Ontario): This is a very important item, and I would like to hear the minister say something about it. I would like to know the scope of this new office and what has been the experience of the men in it. What have they been able to do in the important matter they have to deal with?

Mr. McCANN: The government office economies control was established in 1942 to examine and review all requisitions in the public service for printing, stationery, office equipment and furniture before purchases are made, and in general to apply the terms and regulations embodied in P.C. 4428 and amendments thereto. Administration is centred in the director, whose duty it is to determine the necessity for the articles requisitioned as also the quantity involved. While records are maintained showing the number of requisitions dealt with and estimated saving in each instance as a result of revision, any attempt to show by figures the economies effected in monetary value would not give the full amount, as no indication could be given of recurrent savings. In addition to screening requisitions received each day a careful review has been made of over 12,000 printed forms in use in the departments of the public service, and through substitution, lower grade quality of papers, standard size cut of forms, considerable initial and recurrent savings have been effected. All free mailing lists in the departments of government have been curtailed to a minimum. Standardization of qualities of paper in public printing and re-use of envelopes many times over have been effected, as well as reduction in qualities of binding of periodicals, publications, and so forth.

Careful review is made of all requisitions for publications, journals and other printed periodicals required for use of departments, and approval is confined to periodicals and scientific journals of use only to departments and libraries of government.

The teletype system in the Department of Reconstruction and Supply has been extended to all departments of government through the efforts of the division, and is widely used by numerous departments, with an annual estimated saving of approximately $80,000 on telegraphic accounts alone. The amount of savings resultant by elimination of long distance phone calls cannot be computated.

Periodic inspection is made of all government stores at Ottawa to ensure that stock

is properly shelved and kept in clean and good condition. Inspection is also made of duplicating sections of departments of government and examination made of qualities of papers used on duplicating machines; furtherance of single space and narrow margin on copy and elimination of waste of paper and inks, et cetera, maintained.

Careful scrutiny is given to requisitions for office machines and a number of transfers have been effected where machines are known to be surplus in any department.

A general tie-in has been made with this division acting as liaison between departments of government and War Assets Corporation for all office equipment declared surplus.

Considerable study has been given by the director to the advisability of having dormant records microfilmed so as to save the purchase of filing cabinets and space entailed in the filing and storage of dormant and semi-dormant files, and all departments have been advised accordingly. Several departments have adopted this process, and from information and records gathered it is believed that many other departments will follow.

I can give the duties of the director.

Mr. MACDONNELL (Muskoka-Ontario): No. That is enough, thanks.

Mr. McCANN: I can give the hon. member some indication of the savings we have made.

Mr. MACDONNELL (Muskoka-Ontario): I thank the minister, and I realize that I was wrong in my conception of the scope of the duty of this department. It is very much narrower than I realized. Perhaps I should have known that before. But it leads me to ask this question. At the time of the budget speech we on this side ventured to make some suggestions as to economy which the Minister of Finance, with unusual acerbity, said were very puny. The only thing I can say is that considering the actual economies which have been made they were like comparing a mountain with a mouse. I want to be realistic, and if possible even fair, and I know that reducing expenditures at this time is not easy. I know also that when you have a civil service of 150,000 it is difficult to know just where to begin, and I am equally convinced that unless there is somebody in a senior position who has the duty and the responsibility and the power, we need not expect any adequate reductions. I think we can also take it that when you have 150,000 people working, not all of them are working efficiently.

We all have the very greatest respect for a very large number of civil servants in all ranks. Nevertheless, I think I am correct in believing—though I hope I am wrong, and that the minister will tell me if I am—there is no person with power and authority and responsibility to deal with the larger matters where millions and tens of millions of dollars are involved, and to come to a conclusion with an independent outside view whether this, that or the other department has enough people or too many. That should not be left to persons inside the department, or to an overworked finance department if it is in the authority of the Department of Finance. It seems to me, as I ventured to say once before, that we are in much the position the navy would be in if you put up a lot of admirals to try to reduce the navy: you would not get very far. You do not take admirals, you take somebody else. Economy, though the word is a tiresome one, is important. It is a pity there are so few people here to-day to consider this matter. In the small scope which the minister has described it sounds as if a fair job is being done. But I may interject this, that when the question of furniture came up under the Department of Public Works, the Minister of Public Works did not leave us with the impression that it had been dealt with necessarily in the most efficient manner. There were doubts left, even doubts expressed on the other side of the house.

I would put forward one point which I think is very important: have we any authority with independence and power to look in a detached way at these expenditures of hundreds of millions of dollars?

Mr. McCANN: As the hon. member realizes, when this division was set up it was for a specific purpose. As I have said, it was to review requisitions for printing, stationery, office equipment and furniture. Of course the biggest item of furniture that we have to deal with is filing cabinets.

Mr. MACDONNELL (Muskoka-Ontario): I am satisfied with the answer the minister made as to the scope of this authority. I do not want to press that further. I want to know if the broader situation is dealt with.

Mr. McCANN: I do not know that I can answer that question. I do know that it has been given considerable study. I understand what the hon. member has in mind is someone in the capacity, say, of an overall purchasing agent, to see if the purchases of the various departments cannot be interrelated and coordinated.

Mr. MACDONNELL (Muskoka-Ontario): It is something far beyond the matter of

purchase; it is the whole set-up of the business of the Dominion of Canada with 150,000 people carrying it on. It is a tremendous operation, where right scrutiny and decision might result in savings, not of a few hundred thousands, but of tens and tens of millions. That is what we are considering, and I am sure we should all have it deeply at heart. If not, we certainly do not express the views of the ordinary citizen of Canada in this matter, because they have it in mind in no uncertain way.

Mr. McCANN: I might say that the government has, too.

Mr. MACDONNELL (Muskoka-Ontario): So far as I am concerned, the answer which the minister has given indicates that nothing adequate is being done to deal with the question of economies in a broad way.

Item agreed to.

Canadian Broadcasting Corporation shortwave station—
257. Maintenance and operation, $1,232,700.

Mr. HANSELL: This, I understand, is an item for the operation of the short-wave station at Sackville. I am not opposing the item, because I think the short-wave station is an asset to Canada. But this vote with No. 258 and another supplementary item, amounts to approximately $1,500,000. One and a half million dollars is a lot of money to provide in one year for the operation of a short-wave broadcasting station from which we get no commercial return, or very little, and I should like to know whether this is to become an annual expenditure. I do not know anything about the technical end of radio, but it seems to me that $1,500,000 is a lot of money for maintenance and operation of a short-wave station for one year.

Mr. McCANN: I agree that a million and a half dollars is a lot of money for the administration of a short-wave station. I am afraid that it is going to continue to cost a lot of money from year to year. It was the general opinion of the house, and the matter was brought before the radio committee of 1942 and of previous years, that a short-wave station should be established. That was done. The capital expenditure was enormous. The position of the C.B.C. with reference to it is that they carry it on. The expenses are voted and will continue to be voted yearly by parliament for that purpose.

I can give the hon. gentleman something of a breakdown of the service and what it costs. The items of expenditures are as follows: Performers—these are the people who broadcast and make up the programmes, $475,000; salaries, $335,000. We pay $40,000 a year for a news service. That goes to the news agencies of Canada. Publicity costs us $25,000. We pay $12,000 a year for transmission lines. General operating overhead is $124,000. Rental of facilities in connection with that costs us $35,000. Power costs us $30,000 a year; tubes and maintenance, $31,000. Crescent street Sackville line, $42,000 a year. We have made improvements to the properties that we have leased, for which we pay rentals of $25,000. Supervision charges cost us $58,000. That makes up the total of $1,232,700. The capital expenditure for this year is $75,000. It was estimated that for improvements to grounds, dikes, roads, new structures, technical plant and antennæ, an amount of $125,000 will be required. Fifty thousand dollars was voted for the fiscal year 1945-46, but has not yet been expended because it was not possible to find materials and contractors to undertake the various jobs. This $50,000 is included in the supplementary vote for 1946-47. The major item in the new capital cost is 21 megacycle antenna, costing some $55,000, which will be required owing to conditions which are the result of sun spots.

I might perhaps give a little information which would be of some benefit to the committee. At the present time the international service schedule approximates a peacetime pattern and broadcasts forty-seven hours a week to Europe, an hour a day to the West Indies. Then there is a test transmission of one and a half hours per week to Latin America. In the European service twelve hours a week are devoted to programmes provided for the Canadian forces who are still overseas. This particular service will terminate this fall. The rest of the forty-seven hours is made up of daily programmes to the United Kingdom, France, Czechoslovakia and Germany.

The European service is being extended to include programmes to Norway, Sweden, Denmark Belgium and Russia. Plans also call for a daily service to Latin America, New Zealand, Australia and South Africa. This proposed service will total 121½ broadcast hours per week. Because of the vastly greater audiences obtainable, the C.B.C. international service is making every effort to develop a relay system of broadcasting. A weekly programme from Canada has been relayed over one of the biggest stations in Rio de Janeiro since February. Other Canadian programmes have also been broadcast over local stations in that city. This fall a regular half hour programme to France will be inaugurated and will be carried on that country's national network. The B.B.C. are showing increasing

interest in Canadian programmes, and several regular series of relays have been arranged and are under discussion. Our West Indies programmes have been rebroadcast widely throughout the Caribbean.

The international service will concentrate on those countries in which Canada is particularly interested. While the programme budget will not permit of many expensive feature programmes, the C.B.C. believes that by exercising ingenuity and imagination, and with the help of the domestic service of the C.B.C., the funds requested will make possible a comparatively modest but nonetheless effective job of advertising Canada.

There were two purposes for which the international short-wave system was set up. First was the matter of urgency. It was emphasized that we should have a short wave means of communicating with our troops who were overseas. The job was finished in sufficient time to be of great use not only in bringing news to our armed services who were in different parts of the European continent, but in spreading propaganda to the people who were our allies over there, and even propaganda to our enemies. In addition to that it has the commercial feature that it will keep Canada before the different nations of the world. This is not a revenue-producing service at all. It was built primarily for the purpose which I indicated and with the object in view that we should keep the name of Canada before the rest of the world and advertise Canada to our potential customers, as well as the products and the other things that we had for sale.

Mr. BURTON: Just to follow that up for a moment, I would express the hope that the short wave station does not carry the soap operas across the sea that we have to listen to in this country.

Mr. ROSS (St. Paul's): There is one thing that the minister forgot to say when he was speaking about the need of a high power short-wave station, namely, that a great many of us were disturbed in the early days of the war by the fact that the stations broadcasting in Great Britain would be bombed out.

Mr. McCANN: That is correct.

Mr. ROSS (St. Paul's): That was the real urgency in the matter. At that time I had correspondence from Great Britain along the lines which I have just mentioned. I mentioned it in the house and other members as well. One or two things disturb me about the maintenance of the short-wave station. Personally I think this station can be used to great advantage to Canada. Each department of government which uses the station should buy the time from the C.B.C. and put it in their own estimates instead of charging it up to the short-wave station. I do not think it is fair to have everything free over the short-wave system. I am not in favour of having a lot of this time free over this station.

The minister said that we have a news service which cost $40,000. I do not understand that. We are paying $70,000 to the Canadian Press for radio news. I think it is $40,000 to the United Press. I believe in that, but I do not see why we should have to pay another $40,000 for our short-wave station as well. I want to justify the expenditures on the short wave station. This station will be of great value in the future if it is properly handled and used, but it should not cost us nearly as much as it is costing to-day. If it were properly managed it should cost us much less than that.

Mr. STIRLING: The minister mentioned $35,000 for rent. What premises have the C.B.C. rented for the short wave system?

Mr. McCANN: This item is covered by order in council of September 1, 1944. It is rental payable for the use of studios and equipment provided by the C.B.C. in Montreal, Crescent street. The international service, which is separate entirely from the domestic service, pays a rental to the domestic service for that part which is used for international purposes. The same obtains with reference to the news service. We do pay $90,000 a year for the domestic service and $40,000 for the international, the two amounting to $130,000. It does not make much difference whether you pay the $130,000 all to the one source and charge the $40,000 to this, or make it two separate items, because the same people in the main are supplying the news, the Canadian Press, the Associated Press and the news service.

Mr. STIRLING: Does that mean that the premises and headquarters of the short-wave system are in Montreal?

Mr. McCANN: No. The short-wave station is at Sackville, but you have your people who are administering it and your programmes originating not where the station is located. That is why you have to have expensive wire service from the place of production of the programmes to the station which transmits them.

Mr. STIRLING: What I was trying to ascertain was the wisdom of setting up in Montreal what is virtually the chief premises of the short-wave system, whose station is at

Sackville when the C.B.C. headquarters are at Ottawa. What is the sense of going to Montreal? Would it not have been better to have them all together at Ottawa where the C.B.C. is situated?

Mr. McCANN: The hon. member will appreciate the difficulty. From the administrative end, it does not make so much difference where you have your offices, but from the point of view of producing programmes you could not possibly have your programme, studios and facilities where your short wave station is, because you have no big area there, nor have you the people to call upon to produce the programmes. So that we try to get that talent in metropolitan areas like Toronto, Montreal, Winnipeg and Vancouver, where the talent is available. As regards Montreal, the reason is that that city is closest to the large production centres of the short-wave station.

Mr. ROSS (St. Paul's): I do not want to see the C.B.C. charged, so far as short-wave operations are concerned, with a lot of expenditures which should not really be charged to them on their overseas broadcasting account. You have to have broadcasting in different languages, but you do not have to translate music, and you have wires there too. You also have your press service, and it should not be charged to the overseas broadcasting all the time. That is going to be the tendency if we do not look out. We shall have the operations in Canada charged against the short-wave broadcasting overseas.

Mr. MACDONNELL (Muskoka-Ontario): Is any revenue received at the moment from the short wave through advertising or otherwise, or is the policy against it? Is it anticipated in the future that there will be substantial revenue, or will it be entirely a voluntary service?

Mr. McCANN: There is no revenue at all from the operation, and it is not contemplated that there is likely to be a revenue, because it is not used by individual commercial people or firms. There are no countries that have commercial short-wave stations.

Mr. HANSELL: I am not seriously objecting to the amount. It is a lot of money, and I know it does cost a good deal to give such service; I only hope that we can convince ourselves that it is worth it. The people of Canada, however, should know that it is costing them a tremendous amount of money to run a broadcasting institution under what is commonly known as government ownership. There is not only this amount that we have here, and the amount in the supplementary estimates, almost half a million, but there is also the question of licence fees which the listening public pays, amounting to around $4,000,000. In addition to that, this year, we are going to be asked to appropriate another $2,000,000. That is just about $7,500,000 which this year the taxpayers are to be asked to pay. That is the financial burden. When we hear the argument about government ownership, it is usually stated that private industry is making a lot of money out of somebody and therefore by government ownership the profits can be turned back to the workers, and so forth and so on. The Canadian Broadcasting Corporation is in a commercial business, and yet in spite of that it is costing the Canadian taxpayer, without the extra $2,000,000, around $5,500,000. That is the picture which the Canadian people should know. I recognize that radio in Canada is giving a service to the people, for part of which there is no compensation by way of commercial return, but whether it is worth it or not I do not know. There is a question in my mind. I will not be too harsh, but I simply make the observation that that is what the taxpayer of Canada is having to put up because the government is in the field of radio.

Mr. KIRK: I take it that the station at Sackville is the only short-wave operated by the C.B.C. in Canada.

Mr. McCANN: Yes.

Mr. KIRK: How many days a week are they on the air, and how many hours a day?

Mr. McCANN: The short-wave station is on the air every day in the week. At the present time they are operating 47 hours a week, and we propose shortly to increase that output 121 hours.

Mr. KIRK: What is the policy of the C.B.C. regarding the insurance of the plant, towers, aerials and other equipment belonging to the C.B.C. at Sackville?

Mr. McCANN: The item last year for insurance was $1,402.

Mr. KIRK: Is that the amount of premiums?

Mr. McCANN: Yes.

Mr. KIRK: What is the policy in the placing of this insurance? For some years I have been endeavouring to get the C.B.C. to place their insurance with maritime insurance firms. Finally after a good deal of correspondence and conversation with different ministers in charge of the work I got a letter, as far back as May 24, 1945, from the present minister. It is not marked as confidential, and I believe

I may be permitted to read it. I do this so that hon. members, and the people of Canada generally, will know the policy:

I wish to acknowledge the receipt of your communication of May 7 with reference to insurance on broadcasting station Sackville, N.B. It is your desire, I understand, that some of that insurance be given to a local firm.

I have taken the matter up officially with the general manager and chairman of the board of governors of the Canadian Broadcasting Corporation. It appears that the corporation have a definite policy with reference to the placing of their insurance. They have an expert who advises on the amount and the type of insurance to be placed on any plant, and they have found it most beneficial and economical that that business be placed with one large firm.

I say the department could still retain the expert, still get advice from him and still try to give some of those in the maritime provinces who are in the insurance business a chance to secure some of this business. Matters connected with price, and responsibility of insurance companies, could all be considered. But it does not appear right to me, and to those who have been talking to me, that this business should be centralized. There is too much of this centralization to suit some of us in the maritime provinces.

This is one place where the government can show the way. It is true they cannot tell private enterprise where they are going to set up business, but they can give a lead. If the government can show hon. members why it is better to place this business with one large firm, situated probably in Montreal or Toronto, I should like to hear it, and I know the people of Canada would, too.

Mr. McCANN: I have nothing to add to what was said in the letter. That is the policy of the Canadian Broadcasting Corporation. I do not make their policy. For business reasons they have established that policy and are carrying it out.

Mr. IRVINE: The minister has explained that this short-wave service was instituted during the war, that it was an excellent service for Canada at that time, as authorized by parliament, and that now in peace time it still functions and performs good service. Objection has been taken that it is costing the public money. If it were not done by the government, as it is being done, it would have to be done by a private corporation, with the service costing just as much, and probably a great deal more. Services we receive from private stations are not rendered free of charge. When we buy commodities we pay for those broadcasts, through the extra charge for advertising. That does not fool anybody.

I was surprised to hear the hon. member for Macleod take exception to this vote of about $1,250,000. Only a short time ago the same hon. member characterized a similar sum as chicken feed because he proposed to manufacture it in his particular way. I still think this is chicken feed, and that he was right in referring to the other item as chicken feed. This item involves a service to Canada in a special way, and I am in favour of it.

Mr. COLDWELL: I should like to place one further point on the record. This is not a C.B.C. station.

Mr. McCANN: Not at all.

Mr. COLDWELL: It is a government-owned short-wave station recommended by a parliamentary committee, the recommendation being adopted by the House of Commons and put into operation so as to give Canada a voice in the affairs of the world. The C.B.C. operates only as agent of the government, does not own the station, and does not charge the people of Canada out of revenues received for any service rendered in connection with this short-wave station.

Mr. HANSELL: Since the hon. member for Cariboo has referred to some of my remarks, may I tell him that I am willing to accept this vote for chicken feed. As I said, I am not seriously objecting to it. However, I do want people to get the picture I have in mind which I believe is the true one. The hon. member has said that when a private broadcasting station operates it does cost the people something because advertising is charged in the price of goods. He says that does not fool anybody. The fact of the matter is that it has fooled him. That is not what happens at all. While that amount may be charged in the price of the goods, by reason of the advertising the manufacturer is able to sell in such volume that as a result the price of the goods to the consumer is reduced. If they did not have this advertising, the price of the goods would be higher because the manufacturer could not produce the goods in sufficient volume to put them on the market at an attractive price. So there are a few people who are not being fooled.

Mr. IRVINE: The hon. member has revealed how he has been fooled, in the last analysis, to assume that people do not know what they want unless they hear it blared at them ten or fifteen times a day. Such an assumption is ridiculous. I can get my soap without anyone telling me what kind I must get.

Item agreed to.

Loans and investments: Canadian Broadcasting Corporation—

965. Loans to the Canadian Broadcasting Corporation repayable with interest at a rate to be fixed by the governor in council on such terms and conditions as the governor in council may determine and to be applied in payment of expenditures on the construction, extension or improvement of capital works of the broadcasting facilities of the Canadian Broadcasting Corporation in Canada. Such loans, with interest, shall be a charge on the revenues of the Canadian Broadcasting Corporation next after the charge imposed under the provisions of section 17 of the Canadian Broadcasting Act, 1936, $2,000,000.

Mr. ROSS (St. Paul's): This is an interesting vote. Already we have had before the house a bill dealing with these matters; now we have something different. We have what I would call a subterfuge bill. It is just the same thing, but they are trying to make it smell a little sweeter by introducing it in this way. I do not wish to discuss the matter at length, but I should like to make some brief observations before this large amount of money is voted. This is your money, mine and everybody else's. It is the taxpayer's money. Before it is voted there should be more investigation of activities of this kind. The private corporations are willing to spend their own money to do a job which we are asking the taxpayers of Canada to put up the money for. These private corporations are also paying taxes into the treasury of Canada. We have no more need for another high-powered radio station in Canada than a cow has for a fifth foot. We are getting service there at the present time. Let the private stations do the job. Make them go up to their full power if you like, but do not spend the taxpayers' money.

It is all very well to say that we are going to have two voices in Canada, that we are going to have the trans-Canada network and the dominion network. The first thing you know we shall be spending more and more money. Let us have one really good network operated by the national corporation, and let us have another good network operated by the private stations. We shall then have two voices, and an opportunity to have two opinions. I should like to move, seconded by the hon. member for Macleod:

That vote No. 965, for the Canadian Broadcasting Corporation, be reduced to one dollar.

Mr. HANSELL: Mr. Chairman—

Some hon. MEMBERS: Question.

Mr. HANSELL: May I say to the hon. gentlemen who are crying "question" that they are a little previous.

Some hon. MEMBERS: Question.

[Mr. Irvine.]

Mr. HANSELL: No matter how much they cry it will not prevent one from saying what he wants to say about the expenditure of money.

An hon. MEMBER: You have said it already.

Mr. HANSELL: I have not said nearly enough. If my hon. friends want to go out in the lobby and smoke—

An hon. MEMBER: Or sleep.

Mr. HANSELL: —or go out to lunch or go to sleep, I do not care, but I am going to take up a little time to discuss a few things. This is an important item.

An hon. MEMBER: Question.

Mr. HANSELL: The hon. member who is making so much noise was on the radio committee and he should know the importance of this item. It is not merely the voting of $2,000,000; we are voting on a vital principle. If my French Canadian friends, whom I—

Some hon. MEMBERS: No.

An hon. MEMBER: Easy on that.

Mr. HANSELL: —admire for their stand—

An hon. MEMBER: Go ahead.

Mr. HANSELL: There is such a mass of hysteria over there that I do not quite understand it. I admire them for their stand on Canadianism; I am for them, but I say to them that I am pleading now for the preservation of that same Canadianism. It will pay them to hear what I have to say. Perhaps this speech should be coming from that corner of the house instead of here.

As I say, there is a vital principle involved. This tremendous organization has within it inherent and potential powers, unlimited powers, almost unthinkable powers. We have an organization here which can reach the ears of a quarter of a million people almost any time in the day. Tell me if that is not a powerful organization, a powerful medium for the dissemination of information and propaganda.

During the sittings of the radio committee there was presented a brief on behalf of the Canadian Association for Adult Education. I am not criticizing that association for one moment. I believe in education; a man is a fool not to believe in education. But there is a sense in which our educators can be wrong. They have not always been right, as history will prove. As I say, this organization came to the committee urging that the present radio set-up in Canada be maintained, in other words that the Canadian Broadcasting Corporation

be not interfered with in respect to their authoritarian powers and their control of radio in Canada. I have no criticism to make of their advancing that argument, because it is the right of any man or any organization to come before such a committee to make his or their desires known.

In the course of the hearings on their brief I brought out the fact that I had received a number of telegrams and letters from several farm forums in my constituency and others, organizations affiliated with the Canadian Association for Adult Education, which put out over the C.B.C. networks various talks on farm problems. I am not criticizing those programmes because I think some of them are very good. What I am criticizing is the fact that these farm forums were circularized by Canadian Association for Adult Education. They were asked to send in resolutions supporting the present radio policy in Canada, supporting the present status of the Canadian Broadcasting Corporation. One might say they had the right to do that. I am not questioning their right to do it, but an incident arose in the radio committee to which I should like to direct attention. I desired to bring this before the committee but the circumstances were such that I agreed to leave it over until the bill was presented. Now we have the estimate. The incident was simply this. I brought out the fact that many of these farm forums which were sending out these resolutions were doing so without a full knowledge of the facts. I did use the expression that in one case these people did not know beans about radio, and of course that was put over the news wires. I am not objecting to that.

Mr. CLEAVER: You should not. You said it.

An hon. MEMBER: It was your constituents who were objecting.

Mr. CLEAVER: And you said it.

Mr. HANSELL: Certainly I said it.

Mr. CLEAVER: Then why back up?

Mr. HANSELL: I am not backing up; don't think I am. I know that a little smear campaign went on. I picked up the *People's Weekly* the other day. My C.C.F. friends may think I do not read the *People's Weekly*, but I like to read the funny papers occasionally and so I read that, and here on one page I saw in big type: Hansell scorns his constituents —or something to that effect. I can go before my constituents any time of the year and I am not afraid to put all my cards on the table. The fact of the matter is that what I said I repeat now, that many of the organizations which sent in those resolutions asking that C.B.C. maintain its present status do not know all the intricacies of radio and do not know the tremendous implications involved in Canada's radio policy.

Mr. CLEAVER: Their judgment may be just as good as yours.

Mr. HANSELL: I am not saying that there are not a good many people in the country who do know what it means but I am saying on the basis of the circularization of those petitions that people responded because they enjoyed the farm forum programme, not because they knew all that was involved in the future of radio.

Now I am coming to the point I want to bring to the attention of the committee. I asked in the radio committee if the Canadian Association for Adult Education might have circularized their organizations, and I got the answer: Yes, it was quite possible they had. I shall not take time to turn up the page of the evidence, but I was led to believe that a certain resolution was sent out, which resolution was all right. I am not criticizing the resolution that was passed by the Canadian Association for Adult Education, but what I do criticize is a letter that was sent out to the farm forums and was never brought to the attention of the radio committee. I want to read that letter now. The secretary of the farm forums is a gentleman by the name of Ralph S. Staples. Mr. Staples presented a brief to the committee as representative of the union of cooperatives in Canada. I have no objection to that, and no objection to the brief that he presented. But in the brief he claimed that those who were opposing the taxation of cooperatives were able to pay for broadcasts, while evidently the cooperatives could not get the same service in putting their arguments before the people. I have no particular objection to that, but this Mr. Staples is the man who sent out this circular letter to the farm forums. I am going to read the letter, and I will ask my friends over there on the Liberal side of the house how they like it. The letter is dated Toronto, June 19, addressed to the secretaries of farm forums in Canada and headed, "An Important Message". It reads:

National Farm Radio Forum could not exist without the tremendous contribution made to the project by the Canadian Broadcasting Corporation. As you know the C.B.C. produces the broadcast and provides the time on the air, including the network facilities and so on. The C.B.C. does this as a service to the people of Canada, a service which does not cost farm forum or the other organizations which sponsor farm forum a single dollar.

Mr. MAYBANK: That is right.

Mr. HANSELL: Some gentleman says "That is right". That depends on the kind of glasses you are wearing. While it is true that farm forum is not a direct charge on the Canadian listening public, it is also true that the Canadian public are providing the networks and are paying four or five million dollars in licence fees to keep the Canadian Broadcasting Corporation going, thereby enabling the corporation to put over the programme known as farm forum. That is point No. 1 that should be made clear in the first paragraph of this letter. The second paragraph reads:

The national executive on farm radio forum meeting here yesterday expressed great concern because the C.B.C. is at the moment under heavy attack. The attack comes mainly from two sources: (1) the private radio stations through their organization, the National Association of Broadcasters, and (2) from the newspapers in Canada, many of which seem to regard radio as a competitor and some of which are controlled by interests financially involved in radio stations. The reasons for the attacks are not far to seek. Some of the larger private stations are making huge profits out of broadcasting and hope to make more if they are permitted to operate a network for profit. It is apparent that there are in this country interests which act as though they would like to choke off free discussion.

I want the members of this house to analyse that paragraph, and believe me, you cannot analyse it with any degree of intelligence without coming to the conclusion that a socialist wrote it.

Mr. CLEAVER: What a pipe dream!

Mr. MAYBANK: Suppose he did.

Mr. HANSELL: What is the situation? In the first place, where is the heavy attack coming from against the C.B.C. by press and radio? Apart from one or two editorials, which it is the freedom of the press to write, I do not believe the attack has been heavy at all—not nearly as heavy as I should have liked to see it. As for private radio making any attack on the C.B.C., the shoe is on the other foot. In the evidence submitted it was said that the most cordial relations existed between private stations and the Canadian Broadcasting Corporation. My criticism is of that sort of letter going out individually to farm forum organizations asking them to back the Canadian Broadcasting Corporation in their present status. I am not saying that they have no right to be asked to do it; I am criticizing that kind of letter.

The third paragraph reads:

As is done at frequent intervals, the House of Commons has appointed a committee to make a study of radio broadcasting and to bring in recommendations. This committee represents all parties. There are twenty-five members of the committee. The national executive of farm radio forum feels that the forum should support those members of this parliamentary committee who contend that radio broadcasting in Canada should continue to be carried on primarily as a service to the people of Canada and not necessarily for the money which can be made.

Now, analyse that paragraph, and I say to you, Mr. Chairman, that that is one of the most insidious reflections upon certain members of the radio committee. Let me read it again:

The national executive of farm radio forum feels that the forum should support those members of this parliamentary committee who contend that radio broadcasting in Canada should continue to be carried on—

He does not say, by the Canadian Broadcasting Corporation.

—primarily as a service to the people of Canada and not necessarily for the money which may be made.

An hon. MEMBER: What is wrong with that?

Mr. HANSELL: There is a lot wrong with that.

An hon. MEMBER: Explain.

Mr. HANSELL: My friend wants it explained. I was going to say, any stupid muttonhead could read the meaning of that paragraph.

Mr. IRVINE: Otherwise you would never have got it, would you?

Mr. HANSELL: The letter was sent to these farm forums; it was not sent to me.

Mr. LENNARD: And to the hon. member for Cariboo.

Mr. HANSELL: It is saying that there is a section of members of the radio committee that are there for the specific purpose of seeing that radio is run so that men can make money out of it instead of giving service to the people of Canada. I repudiate and refute that.

Mr. MAYBANK: He does not say it is you.

Mr. HANSELL: He says, certain members of the committee.

Mr. MAYBANK: You are not all those members.

Mr. HANSELL: Well, of course I am only one, but the intention of the paragraph is as plain as anything can be.

Mr. MASSEY: Absolutely.

Mr. HANSELL: I say that every member of that radio committee was interested only

in giving the best possible radio service to Canada, and at all times, commensurate with it, of preserving our glorious heritage of free institutions. Every last member of the committee had that in mind, and that only.

I support the Canadian Broadcasting Corporation. I speak to service clubs, and I have spoken on the subject of radio in Canada and plugged for the C.B.C. Now, believe it.

Mr. MAYBANK: We do.

Mr. HANSELL: Here is another paragraph:

A dangerous proposal has been made—

Who said it was dangerous?

A dangerous proposal has been made, namely that the broadcasting act should be amended in such a way as to remove from the board of governors of the C.B.C. the authority necessary to regulate radio broadcasting in Canada.

Here is a man who, with the Canadian radio networks at his disposal, takes it upon himself to circularize the people saying that a proposal which might be made to have a separate regulatory body that will be perfectly neutral is a very dangerous proposal. Let me go on:

It is unnecessary to set forth what the results of such a change might easily be.

There is an insidious sentence of inference, the writer knowing full well that the people to whom he addresses the letter are not cognizant of all the facts. And that is the thing I object to. Here is the last paragraph:

If you value a radio system that is not controlled by wealth—

The CHAIRMAN: Order. It is one o'clock.

Mr. HANSELL: Very well, Mr. Chairman. I thought may be I might finish the one paragraph.

Mr. COLDWELL: Finish the paragraph.

Mr. ST. LAURENT: I move, Mr. Chairman, that you report the resolutions and ask leave to sit again this day.

Mr. COLDWELL: The hon. gentleman had just a few lines in the paragraph to put on the record to complete what he had to say, and I think it would be well if he were allowed to do that.

The CHAIRMAN: Probably it would be better if the hon. member completed the paragraph.

Mr. HANSELL: I will just read this part:

If you value a radio system that is not controlled by wealth then we urge you to get in touch with your member of parliament at Ottawa by wire just as soon as you can.

As to that, Mr. Chairman, let me say that if you can prove to me that a socialist did not write that sentence, then—

Mr. COLDWELL: Come off that! It makes no difference what a man's political views are when he writes a letter for an organization; and I don't know what he is.

The CHAIRMAN: Is the paragraph completed?

Mr. HANSELL: No. It continues:

A very short wire will do. All you need to indicate is that you like the C.B.C. and that you support it in its present form.

You might think he was writing to some school boys.

You should sign it as secretary of your farm forum. A copy of the wire should be mailed to Mr. Ralph Maybank, M.P., chairman of the special committee on radio broadcasting, House of Commons, Ottawa.

In matters of this nature the farm radio forums across Canada can have an influence far greater than their numbers would indicate.

Yours sincerely.

Mr. MAYBANK: Believe me, they did it.

Progress reported.

Resolutions reported.

Mr. ST. LAURENT: I wish to move that these resolutions be read the second time and concurred in, so that they may be put in print immediately for the preparation of the bill which will be based on them.

Mr. GRAYDON: Before we go on with this, I am not at all certain of the procedure which is being followed, but I understand that we are not concurring in any resolution at this stage if it has to do with the matter now under discussion.

Mr. ST. LAURENT: No. That resolution has not been passed.

The DEPUTY SPEAKER: The resolution which was under consideration by the committee when the committee rose has not been reported.

Mr. ST. LAURENT: I move:

That the resolutions considered in committee of supply this day and reported be read the second time and concurred in.

Motion agreed to.

BUSINESS OF THE HOUSE

NOON RECESS FROM ONE TO TWO O'CLOCK

Mr. ST. LAURENT: Mr. Speaker, I have spoken to several hon. members and I have the impression that it would be their desire

that the intermission at mid-day to-day be of only one hour instead of two. I would therefore move:

That, notwithstanding the terms of standing order No. 2 and of the resolution of January 22 last the intermission at mid-day this day be from one to two o'clock p.m. instead of one to three o'clock p.m.

Mr. LENNARD: Might I suggest that "two o'clock" might be several minutes after two?

Motion agreed to.

CIVIL AVIATION

TABLING OF AGREEMENT BETWEEN CANADA AND AUSTRALIA

The house having reverted to motions:

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, I wish to table copy of an agreement between Canada and Australia for air services between the two countries, signed in Ottawa, June 11, 1946, and effective of that date. I may say that simultaneous announcement is being made in Canberra and Ottawa on this day. I have a statement with regard to the air line which, if it is agreeable to hon. members, I will have printed in *Hansard,* to save time.

Mr. GRAYDON: On the understanding, Mr. Speaker, that after it is printed hon. members may ask any questions which may arise with respect to it, as is normally done when a statement is made in the house.

Mr. HOWE: Quite.

Some hon. MEMBERS: Agreed.

(The statement follows):

Canada has already signed bilateral agreements with the United States, United Kingdom and Newfoundland. The present agreement with Australia represents the fourth in a series which we shall be negotiating to open the way for the Canadian international air services we plan to operate in accordance with information I have on previous occasions given to this house.

The agreement with Australia follows the standard pattern of our other bilateral agreements,—a pattern which was approved for general international use at the Chicago conference on international civil aviation in 1944. It provides for an exchange of traffic rights between Canada and Australia so that an air line designated by the government of Australia may put down and take up at Vancouver passengers, mail and cargo from Australia, while an airline designated by the government of Canada, which will be Trans-Canada Air Lines, may put down and take up in Australia traffic to and from Canada. The route to be followed by the airline designated by Australia is via Fiji, Canton Island, Honolulu and San Francisco. The route to be followed by Trans-Canada Air Lines is not yet finally decided and accordingly is not specified in the agreement.

It is understood that the airline to be designated by Australia will be a joint company owned and operated by the governments of Australia, New Zealand and the United Kingdom. In order that arrangements may be completed for the Pacific route this will, of course, involve a further civil aviation agreement between Canada and New Zealand as well, and discussions to this end have already been initiated.

In order to provide for complete cooperation on the Pacific run, between Trans-Canada Air Lines and the joint Australia-New Zealand-United Kingdom airline, a special clause has been added in the annex to the agreement looking to a pooling arrangement between the two air lines and a reciprocal exchange between them of traffic rights enjoyed by each along the route. This complete and full cooperation will be in accordance with plans originally worked out at the commonwealth discussions on civil aviation held in Montreal in the autumn of 1944.

I am not at the moment able to give the house complete information as to when we may initiate our trans-Pacific air service. This will depend upon a number of factors such as the conclusion of other necessary bilateral agreements along the route and the availability of suitable equipment and facilities. It is my expectation, however, that the year 1947 may see Canadian planes making regular scheduled runs to the southern Pacific.

SUPPLY

The house again in committee of supply, Mr. Macdonald (Brantford City) in the chair.

At one o'clock the committee took recess.

The committee resumed at two o'clock.

Mr. HANSELL: Before the luncheon adjournment I was dealing with a letter which was sent out to circularize the farm forums throughout Canada. I have finished with the reading and the explanation of the letter, but I should like to add that it is easy to see that the intent of the letter was to solidify the corporation in its present authoritative powers, and that at least by implication the letter would cause the farm forums to be alarmed lest their programmes be taken off the air by the coming into the picture of a private radio network.

I contend that there was no need for the letter, and certainly there was no need to imply that there was any such danger as was implied. Even if there were set up another network in Canada under the management of private radio, it would not render the corporation one bit less effective in the service that they are able to give to the country. The farm forum programmes would go over the air just the same, and so would the other educational features sponsored by the C.B.C. These features are going over the United States networks all the time as a service to the United

States people, and there is no government-owned corporation there. I am not implying that we have to do away with the corporation just because some of us are recommending that there be a neutral regulatory body. It appears to me that the whole scheme and process of preventing that from happening is to strike fear into the minds of some people who are enjoying certain programmes, and by implication lead them to believe that radio service in this respect is to be curtailed.

I should like to ask the minister whether or not it would be possible to place on the record the names of the secretaries of the various farm forums. I do not wish to take up all the time, and it appears that my forty minutes have expired, but since the committee rose and reported progress, according to the rules of the house I could go on.

I should like for a moment or two to pursue another aspect of the matter and attempt to show the potential dangers which are inherent in the authoritarian powers now held by the corporation. When I was speaking on the first reading of the bill which was introduced the other day I likened the corporation to the possibility of a newspaper corporation under government ownership, should one be established. I tried to give an illustration to show that if the same thing were happening in newspaper enterprise which is happening to-day in radio, the people of the country would be seriously alarmed. I drew that illustration, but I want to go one step further. I did not have time to develop this particular point the other night, but it is well known, and we can put it down as basic, that radio is still in its infancy. It is a rapidly growing science, and there is now appearing in the field of radio a science known as facsimile. Hon. members of the committee are aware of just what it is, but should some who might occasionally read *Hansard* wonder what the term means may I explain that facsimile is a process of transmitting by the air waves over the radio the printed page. That branch of radio science is already an accomplished fact. It is true that in this development we in Canada have not gone so far, but two newspapers in the United States are, I understand, already giving that service. One of them is giving it as a service, and the other is in the experimental stage. The facsimile process simply means that one can tune in his radio, get the news as he does now, and at the same time the news is printed right there and then in front of him. After he has heard it he can go to his set and tear off the sheet just as you would tear a sheet of paper off a roll of wrapping paper, and there in front of his eyes is the record on the printed page. Not only is that an accomplished fact but it may be only four or five years before the same thing can be done in pictures in three or four colours. The point I am trying to make is that not only are the potential powers now inherent in the Canadian Broadcasting Corporation going to drive private radio out of business, but I sound the alarm that by the method of facsimile they are going to drive the press out of business. Someone will say you cannot arrest the progress of science. No. You certainly cannot, but the point I want to put before the committee is that facsimile is done by radio process, and there is now inherent in the present broadcasting act all the powers of the present radio corporation to control radio. You do not need to give them one iota more power to control facsimile.

Perhaps we do not need to be greatly excited if the press of Canada should sound an alarm at the growing powers of C.B.C.; neither can we afford to be too much excited when some of us suggest that there be a neutral body with regulatory powers and that these powers be removed from the corporation. It would not diminish in any way the service which the corporation gives the country. I sound that alarm because that is something that is coming. Make no mistake about it. It is not very far off.

I would make as a further argument that because we are still in the infancy of radio, together with the growing part of radio known as frequency modulation and the other aspect known as facsimile, and so forth, the C.B.C. would be far better off financially and otherwise not to take over these channels at the present time, but to bide a wee and let the thing rest for a couple of years or so. Let them tell these private stations CFRB and CFCN that they must step up their power to 50 watts. My information is that they are prepared to do it. We know by the record that they have repeatedly asked permission to do it, and I am suggesting that they be given that permission and thus the 50 kilowatt channels will be reserved for Canada. I might point out further—

The ACTING CHAIRMAN (Mr. Golding): Order. The hon. member's time has expired.

Mr. HANSELL: Very well, Mr. Chairman, but perhaps you are not aware that the committee rose and reported progress and asked leave to sit again, and this is the second sitting.

Mr. MAYBANK: May I break in for two or three minutes, thus giving the hon. member an opportunity to begin again? I am sure he will not impose upon the committee; he will take only the time which is really

necessary for his case. After this interposition on my part, I submit that the hon. member has again the opportunity to speak, and I respectfully submit to the committee that he should be given that opportunity. I say that the more readily for the reason that the hon. member was very active in the radio committee and devoted a great deal of time to his labours. While he may have been in disagreement many times with most of the members of the committee, both his indefatigability and his persistence were such that I consider he is entitled to special treatment, if we ever give special treatment to anyone.

Mr. HANSELL: I wish to thank the hon. member, who was chairman of the committee, for these very kind remarks, and I can assure him, and you, Mr. Chairman, that I do wish to facilitate the business of the house. In fact, that is what I have done already, because I spoke personally with the Minister of National Revenue and the minister who is acting as house leader, the Minister of Veterans Affairs, when the bill was brought down, and made a commitment to them that I would not discuss the bill in the resolution stage. I undertook to facilitate the work if I could discuss the matter at a future stage, and this is the opportunity that offers now.

I do not ask all to agree with me. That would be an impossibility anyway. I would not want all people to agree with me because if they did I would have reason to think that I was wrong. However, I have serious convictions along these lines.

Mr. MAYBANK: I am wondering whether the hon. member is leading himself to believe that because he is in a minority he is right. That, I submit, is also a fallacy.

Mr. LENNARD: I believe he is in the majority so far as the people of Canada are concerned.

Mr. HANSELL: That, I think, is a keen observation. It is possible for the minority to be right, but I do not believe that if the people of Canada knew the entire facts I would be in the minority. I do not think I know all the facts, because I do not believe it is possible to get behind the scenes and get all the facts. I am not now saying that there is anything which the officials of the corporation do not want to let us know, but I am saying when it comes to peace, order and good government, when it comes to running a nation in a complex world, there are forces operating behind the scenes, and they invade human experiences. Those forces mould public opinion and bring pressure to bear even upon officials. Governments are not immune from that. Governments and organizations are dependent upon their advisers; and who are their advisers, and where does the advice come from? It is my conviction—it is not merely a passing thought with me, it is not a flash in the pan but a strong conviction—that there are forces at work in the world to destroy our Christian democracy, and these forces, believe me, have not overlooked and do not overlook anything. If you ask me to prove that, I must say that I may not be able to put my finger on a particular spot, but those forces, on the face of it, have not overlooked and would not overlook the most powerful medium for the dissemination of information, propaganda and education that exists in any nation. You have to accept that at its face value, and protect yourself against it.

I was reading the espionage report the other day. I brought the matter up in the committee, and therefore I do not believe I need to take a great deal of time in discussing it. But perhaps all hon. members do not read these reports; certainly the country does not have an opportunity to read them. At page 44 of the report of the royal commission on espionage we find this:

> It became manifest at an early stage of this inquiry, and has been overwhelmingly established by the evidence throughout, that the communist movement was the principal base within which the espionage network was recruited; and that it not only supplied personnel with adequately "developed" motivation, but provided the organizational framework wherein recruiting could be and was carried out safely and efficiently.
>
> In every instance but one, Zabotin's Canadian espionage agents were shown to be members of or sympathizers with the communist party.

Mr. JAQUES: Fellow travellers.

Mr. HANSELL: And it continues:

> Zabotin found already in existence in Ottawa, Montreal and Toronto numerous study groups where communist philosophy and techniques were studied and where writings of Marx, Engels, Lenin and later authors were read and discussed. To outsiders these groups adopted various disguises, such as social gatherings, music-listening groups and groups for discussing international politics and economics.

In the light of that I would point out that the same communists, the same communist party, known as the Labour-Progressive party, are free in a series of political broadcasts to continue to broadcast over the Canadian networks. I know the argument is offered that it was a matter of government policy whether this organization constituted a political party, and that the corporation in a sense has washed its hands of that responsibiliy. But that was not the passage I had

in mind. The one to which I would refer chiefly is found at page 49 of the report. It states:

> The evidence also discloses that secret members of the communist party played an important part in placing other secret communists in various positions in the public service which could be strategic not only for espionage but for propaganda or other purposes.

Does anyone suppose in the light of that that the communists forgot all about the C.B.C.?

Mr. ZAPLITNY: What about the private stations?

Mr. HANSELL: My hon. friend asks what about private stations. They have not overlooked those, either. Here is the point I want hon. members to get: I pointed out in committee that if I heard a philosophy coming over a private station which tended to divide the loyalties of the people of Canada I would be just as much in opposition to the management of that station as I am to anything else. I oppose that. One must remember, however, that when an individual broadcasts over a private station he has an audience of perhaps several thousands of people, depending upon the size of the station. I wonder if hon. members are aware that when an individual broadcasts over a national network he has an audience approximating 1,500,000 people. I understand that is the approximate listening audience in a national network broadcast of talks.

The corporation are continually reminding us that they are the guardians of free speech, and they do so by saying, "We are desirous that all shades of public opinion be broadcast over the air." I have no quarrel with that; their intentions may be good. But if free speech means anything it means that I have as much right to it as has any other individual. What is happening over the Canadian networks is that freedom of speech is confined to a handful of regular commentators. A commentator must be asked to come on the air by some official within the framework of the corporation. He is paid, and he is given the facilities of the network to talk to 1,500,000 people. How would my hon. friend sitting opposite like some time to talk to an audience of 1,500,000 people? It would be fine, would it not?

Mr. IRVINE: If he had something to say, it would be.

Mr. HANSELL: Let me ask the hon. member if he thinks he can get on the network and talk to 1,500,000 people.

Mr. HOMUTH: It depends on what party he belongs to.

Mr. HANSELL: Freedom of speech means this, that if one man gets on the air, or anywhere else, another person has a perfect right to answer him. If he has not that right, then we have not free speech. That is the position. I realize that where there are several millions of people in a nation we cannot have each of them saying, "I want to answer the commentator who was on the air last night." I know that would be physically impossible. But let us not accentuate the idea that the C.B.C. are the guardians of free speech because they say they want all shades of public opinion to be expressed. Free speech is free only when everybody has an opportunity to present his case.

I have two suggestions to make. The first is that they do away altogether with commentators. I do not think they are needed. But I am not offering that suggestion without making an alternative suggestion. In their place they should have weekly round-table discussions on the most recent topic, to be conducted by three or four speakers who would have directly opposite views. The discussions should be entirely unrehearsed. By this means the people could be told all about the particular subject. I would guarantee that such a programme would have one of the largest listening audiences in Canada. Often I listen to the town hall meeting of the air in the United States. That programme has prominent men taking part, government officials, heads of labour organizations and even governors of states. It is unrehearsed and is an extremely interesting programme. They stop at nothing—I suppose common sense would prevent a man swearing at another—in discussing the latest topic, whether it is politically hot, international or whatever it is.

I have a further suggestion to make. If the corporation is still bent on keeping this handful of commentators on the air, I suggest that no one commentator be allowed to stay on the programme for more than one or two months at the most, and then he should be heard no more for at least a few years. Surely there are enough well-informed men in Canada that we do not have to filter all this information through a dozen half pints of brain. Surely there are enough capable people in Canada to keep this thing going indefinitely. I could say a lot more about commentators, but I appreciate the courtesy of the committee in listening to what I have had to say, and I do not wish unduly to extend my remarks.

During the past year I have taken down many of the things that have been said over the air by commentators I am not going to

take the time of the committee to read them all, but I think they would be found alarming, to say the least, as far as dividing loyalties in our own country is concerned. I am saying these things to the present administration in the hope that they will look at the matter clearly. I know they must have had conferences at times with their advisers, but they are busy men and cannot give their whole time and thought to these things. There is no question in my mind that they have been unduly influenced in connection with the radio policy.

I contend that it would pay us to revamp our whole radio policy. My Liberal friends may say they are sure that everything is safe in the present hands, but there is no guarantee in the world that things will always be in the present hands. We do not know who is going to take over in future years.

Mr. IRVINE: You may.

Mr. HANSELL: We might. If we do, and if I have anything to do with the Social Credit party, we will have a neutral regulatory body. I am not talking authoritatively, but I repeat that if I have any influence within the party that is what I will recommend. I do not want to deprecate the valuable services rendered by the C.B.C., but I believe radio should be run on a competitive basis. I did not say one system working in opposition to the other; I said we should have one system working in competition with the other. There is all the difference in the world. I despair of the future so long as these authoritarian powers are vested in the C.B.C.

I do not want my hon. friends to my right to take offence at what I am going to visualize as a probable future board of governors. Personally I would not want to see this happen, but it could happen. I do not think our C.C.F. friends will ever get in power, and I have my reasons for believing that, but if they did, could we assume that the present board of governors would continue indefinitely, or would they be replaced?

An hon. MEMBER: They would be replaced.

Mr. HANSELL: Who is going to take their place?

Mr. McKAY: Trestrail would be a good man.

Mr. HANSELL: Trestrail would not be an appointment of our C.C.F. friends, I am sure. I should like to suggest the names of a few men who might form this board of governors. They should have a lawyer, so we would have Mr. David Lewis. Then I suppose we would have to have some one interested in education.

[Mr. Hansell.]

Mr. MITCHELL: Is that his right name?

Mr. HANSELL: That is the name I call him by; I do not know whether he would respond to any other. Then they will have to have some one on the board of governors who is interested in education, and I would suggest Professor Frank Scott. Then they would have to have some one interested in another type of people and I would suggest that Harold Winch might be a good member. Then by the time they gained power the hon. member for Vancouver East will probably have long grey hair. As my hon. friends are going to do away with the other place, he could not be appointed there, so perhaps the hon. member who sponsored Bill 37, making it a criminal offence to criticize a Jew, a Russian, an Englishman, a Catholic or a Protestant, would be a good man to have on the board of governors. Of course they should have a journalist, and perhaps Elmore Philpott could fill the bill.

Mr. HOMUTH: Who is he? He is a Liberal supporter, isn't he?

Mr. HANSELL: Then of course, they should have a woman on the board of governors. Perhaps it might be the one who said that our greatest danger was our British connection.

Mr. LOW: Agnes.

Mr. HANSELL: Yes, Miss Agnes Macphail. That is quite a board, isn't it? Maybe they would do good work. I do not know.

An hon. MEMBER: Are you on it?

Mr. HANSELL: They would not put me on it. Imagine a board such as I have mentioned governing radio in Canada and clothed with all the authoritarian powers that are now vested in the Canadian Broadcasting Corporation.

Mr. ZAPLITNY: You picked it yourself.

Mr. HANSELL: Does my hon. friend think that would be a good board of governors?

Mr. ZAPLITNY: You are talking; don't ask me.

Mr. HANSELL: All I am saying is that the future is uncertain, and while my friends immediately across the way may think everything is all right now, that is no guarantee that they will be all right five or ten or fifteen years from now. Men's minds can be swung overnight. In the early days of the war, when the communists were busy in Canada trying to sabotage our labour organizations and our shipping and our productive activities as we were trying to speed them up to full wartime capacity, we recall how often the old propaganda machine got busy and painted the

communists as terrible—Russia itself was a terrible dictatorship. But suddenly Russia entered the war on our side, and overnight the old propaganda machine changed its tune: Oh, Russia was quite a democracy then!

Mr. GAUTHIER (Portneuf): Not for me.

Mr. HANSELL: Not for you. The fact of the matter is that somebody lied; they either lied first or lied afterwards, one or the other. You cannot have it both ways.

What is happening now? The picture is beginning to change again, and I am with my friends right across from me on the Liberal benches in their views about communism. Believe me, any philosophy that goes out into the world and results in murder, the shooting of eleven thousand priests and nuns and the burning of about twenty thousand churches and hospitals, is a philosophy that I am going to fight and fight hard, and I am with my friends right opposite me on that, and I want them to know that. Some people might call me a protestant simply because I am not a catholic. I am neither a protestant nor a catholic.

An hon. MEMBER: What are you?

Mr. HANSELL: I go by the simple name of Christian. But as a bulwark against atheistic communistic philosophy I bow to my hon. friends right opposite me, and that is why I say they should be making this speech instead of me, because nobody knows who will have charge of a machine like C.B.C. in a few years' time. I do not want to spread any false suspicions, but we do not know to what extent the communists have infiltrated into this organization.

Mr. McCUAIG: Can you not trust the majority of the people?

Mr. HANSELL: I trust the majority of the people when they know the truth, but my hon. friend knows as well as I do that mass psychology can work the masses up into a frenzy, and woe betide this country if that should ever happen.

Do not wonder, Mr. Chairman, that I am alarmed, because it is a conviction with me. I say again that I want the Canadian Broadcasting Corporation to remain a great and vital institution for the service of the people of Canada in the field of radio, but I am just as strongly convinced and determined that we must guard safely our free institutions which the present Prime Minister has so often boasted that he himself would do his best to preserve.

Mr. MAYBANK: It is not my intention to endeavour to take up all the arguments, or rather all the statements, that have been made by the hon. gentleman who has just finally ceased—or at any rate ceased; I do not know whether finally or not. But there are a few observations which I think should be made.

I turn my attention first to his remarks about the Canadian Broadcasting Corporation and communism. The vote before the house is one for $2,000,000 to permit certain expansions of the Canadian Broadcasting Corporation. The hon. gentleman's argument, it seems to me, is that on this one score at any rate the vote should not be granted because of the danger of the infiltration of communists.

Mr. HANSELL: Not entirely.

Mr. JAQUES: And the fear is well founded.

Mr. MAYBANK: That is a proposition to which he and his fellow Social Credit members have a right to subcribe. But if you are going to refuse the development of an organization because of the danger of some "ism" creeping into its workings, there are all manner of developments in this country which could not go ahead. The Canadian National Railways are in the same danger. Every other organization under the government is in the same danger. The government itself is in the same danger. If we were to follow that sort of doctrine, the easiest way would be to cancel out government altogether and settle down into the anarchy which I fancy the hon. gentleman would think is a sound and sensible way of living, because his own methods of reasoning and arriving at conclusions are themselves thoroughly anarchic.

Mr. McIVOR: Paddle your own canoe.

Mr. MAYBANK: Surely this house is not going to refuse a reasonable and sensible expansion of a good institution by reason of the consideration of bogys of the sort spoken of at so great length and with so much misplaced fervour by the hon. gentleman who has just taken his seat. I shall deal in a moment with one or two features of this expansion.

A few days ago the consideration in radio matters was of a different sort. We were discussing a bill, and at that time several matters were introduced which are no longer quite germane to the question. For example, there is the question about an independent court, the question about the provincial governments owning broadcasting stations, the question about the divorcement of radio from newspapers. I submit, sir, that so far as the report of the radio committee is concerned all of these matters were simply left in abeyance because there was not time to get the

evidence necessary upon them all. For example, with reference to the question of whether governments should own radio stations, the leader of the C.C.F. party, I have no doubt, would be in favour of that. For my own part, up to date I can see no objection to it, but I do not think the time has come for a decision, because there has not been enough evidence upon it. Again, the gentleman to whom I have last referred would desire to see the divorcement of newspapers from radio, and the hon. member for New Westminster indicated that he thought that way. So far I find myself in disagrement with that, but I do not think the time has come for a decision; I do not think sufficient evidence has yet been adduced for us to make a decision. It is true that if all newspapers owned radios there could come to be a combination that would keep people from getting news, and that they would have an improper control over the moulding of public opinion. But it would seem to me that before action along that line should be taken there ought to be some evidence of that sort of thing developing. It is not quite enough, it seems to me, to indicate merely a possibility, as the hon. member who has just spoken did when he was crying out about communism, of something happening. It would seem to me that is one of the questions which should be deferred until we have concrete evidence one way or another. I have a friend who has a shot gun.

Mr. IRVINE: Bring it along.

Mr. MAYBANK: I do not think we should take the shot gun away from him on the ground that he will go and shoot his wife. He has not shown any tendencies in that direction, and until he does, I should be in favour of leaving my friend in possession of his shot gun.

Mr. GRAYDON: Of course if he aimed at his wife it might be different.

Mr. MAYBANK: If he were aiming the shot gun in this chamber at the present time and could scatter his shots to the point of hitting all those who join together to interrupt at the same moment, he would probably be doing a service. However, he is not here, he is not aiming, and the interruptions have stopped; so I will proceed.

These, I think, are the considerations to be kept in mind when we are talking about a separate court for radio. After all, there was but little evidence introduced to the radio committee pro or con with reference to the idea of a separate court, whether it be an appeal court or not an appeal court. The Canadian Association of Broadcasters indicated that they thought there ought to be a neutral body. It is true that Canadian Broadcasting Corporation officers said the contrary. I believe they said that upon being asked their opinion. I do not think, by the way, that it is their business. It is natural that they should express an opinion, and particularly it is natural when they are asked to express an opinion. However, that is a matter for government and not for the Canadian Broadcasting Corporation. But I could not help being reminded that the whole framework of the Canadian Broadcasting Act developed as the result, first, of a very important and very good commission, and, second, was given a great deal of consideration by parliament in 1932, and that these principles in the main were carried over into the present act of 1936. It has seemed to me that these people in 1932, including the hon. member for Stanstead, who was one of the Conservative members of the house at that time and no doubt took an active part in coming to the decision underlying the bill of that year, must have gone pretty carefully into this question of control. Again, in 1936 the Tory party as well as all other parties joined in endorsing the principles which are thus put into statutory form. Now, to have the mere statement made that there ought to be a neutral court at this time, and immediately to accept it without again going into all the principles that underlay the legislation in 1932 and 1936, seems to me to be precipitate action, and as far as I am concerned I am confident I can keep an open mind upon the question until we can give it full consideration.

As to the theories which have been advanced with respect to an independent court, they strike me as reasonable, but I find myself checked by the fact that all this has been given careful consideration by such men as the present Lord Bennett, together with all of the members of his cabinet at the time, and again by the Bennett opposition of 1936, and again by this present government. I find myself checked when I remember that they went into this thing so carefully at that time. Hon. members may feel that the very moment something seems sound in theory it should be quickly adopted. I feel that it never does any harm to sleep on a proposition when you have come to a tentative conclusion that it is good; it is wise to wait a few more days before coming to a final conclusion. And that goes for the various things I have mentioned; they are all of the order, it seems to me, of matters which can properly be deferred.

Now I come to this question of expansion which has been mentioned and which is all that is called for at the present moment by the $2,000,000 vote. The expansion of the Canadian Broadcasting Corporation has been envisaged every year since 1936. It was part of the original plan; it was examined year by year from that time onward. Such expansion as could take place up to 1939 was necessarily interrupted by the war. Committees from time to time, unanimously I believe, have recommended that this expansion should go forward, and it is in this year that the Canadian Broadcasting Corporation comes to the point where it can carry out the dictates of former committees and of parliament. That is our starting point this year. The expansion of the Canadian Broadcasting Corporation calls for the operation of certain stations which are at present being operated by private broadcasters. It does not call for the corporation taking over the stations; it calls for them operating upon certain wave lengths. Canada was granted a certain number of clear channel wave lengths. This was done by the Havana treaty, an international treaty, which assigned these wave lengths to us. It is understood that they must be operated at 50,000 watt power. They are as follows: CKY at Winnipeg, CFCN at Calgary and CFRB at Toronto. It is not necessary that Canada herself should develop these channels up to 50,000 watts; it could be done by a private owner so far as international law and treaty are concerned. But if we are to have these clear channels it is necessary that they be developed.

We find ourselves in this position. We have to decide whether we shall allow some private owner to develop these channels up to 50,000 watts, or whether we shall do it ourselves under the Canadian Broadcasting Corporation. When we obtained the channels it was intended that they would be developed by the Canadian Broadcasting Corporation. That has been known by parliament from that day to this. The measure has been endorsed whenever opportunity arose to endorse it. Moreover, all persons who have private stations have them clearly upon the understanding all these years that the amount of power allowed to them was the same as would be allowed to every other owner of a private station. They have clearly understood that no private station would be singled out and allowed to raise its power up to 50,000 watts. If we were to grant to the present owners of CFRB, CFCN and CKY the right to raise their power up to 50,000 watts we would be rankly and grossly discriminating in favour of them as against all other private station owners. With all the past behind us I do not think that as between the various operators it would be the fair thing to do.

It is clear that the Canadian Broadcasting Corporation must have some further expansion if the people of the country are to be served by it. It has been asked why should there be another 50,000 watt station in or near Toronto. The hon. member who asked that question completely misunderstood the situation. It is not the desire to have another broadcasting station of that power in Toronto. That is not the point at issue at all. The main point is to have it as part of the broadcasting chain, so that the fine programmes which can be developed in Toronto—because it is understood and accepted that good programmes originate in the populous centres of Canada—can be given to Canada by a second network which cannot be given by the present network. The question really resolves itself into—

Mr. MACDONNELL (Muskoka-Ontario): Will the hon. member permit a question?

Mr. MAYBANK: Yes.

Mr. MACDONNELL (Muskoka-Ontario): Will the hon. member be specific in the statement he has just made?—because it seems to me to be a crucial one. It was made by the hon. member for Rosetown-Biggar, who said that the present network of C.B.C. could not give national coverage. I understand it has been stated that C.B.C. now gives 94·7 per cent coverage. Will the hon. member make that clear?

Mr. MAYBANK: I shall do it now, even though it may cause some slight interruption in the connection of ideas that I was endeavouring to maintain. There is no doubt that at the present time the C.B.C. is giving 94 per cent coverage. There is no doubt that no matter how many stations are established in Canada, no more than 94 per cent of the people could be reached. If the hon. member for Rosetown-Biggar expressed himself in the manner in which the hon. member just indicated, he was clearly in error, because an elementary knowledge of arithmetic shows that you cannot go much higher than 94 per cent. It is a fact that by taking over the stations and increasing the power some parts of that 94 per cent will be reached in a better way; that is, the signal may be weak in some places but the 94 per cent would, by the development of station CFRB and these other stations and this general expansion programme, get a second network programme. It is not a case of giving the listener any more on the same network programme; that just cannot be done. It is

rather a case of further developing this second network programme which has already been started but is running only a few hours a day.

Mr. MACDONNELL (Muskoka-Ontario): Will the hon. member agree, and if so will he point it out clearly, that it is not a question of this second network not being developed; it is rather a question of who shall develop it?

Mr. MAYBANK: The hon. gentleman means that the second network can be developed by private stations; is that it?

Mr. MACDONNELL (Muskoka-Ontario): That is what I mean, yes.

Mr. MAYBANK: There is no doubt about it that if private stations were allowed to do so they could develop the network. The crux of the whole question is whether the law will be changed to allow private stations to have this network. There is no doubt that if private stations were given full sway, physically they could develop the network; that is possible, although it has always been definitely against the opinion of parliament that they should be allowed to do so, and it has been written into the act since 1932.

Mr. ROSS (St. Paul's): Not the opinion of parliament—the opinion of the Liberal government.

Mr. MAYBANK: Excuse me; it should have been a Liberal government in 1932, but the people went wrong a few years before. There were Tories here at that time and they wrote the act in 1932 which was modified in 1936. It is amazing how many people will forget even history which is so near to them. I do not know where the hon. member was at that time when his brethren were running the country and running it into the dirt.

An hon. MEMBER: He was asleep.

Mr. MAYBANK: An hon. member says he must have been asleep; I do not know about that.

The CHAIRMAN: Order.

Mr. MAYBANK: When I was interrupted the first time I was about to say that it was a necessary part of the expansion programme of the C.B.C. to take over station CFRB for the purpose of building up a second network in order that the people may get fine programmes which can be obtained in the more thickly populated parts of Canada, in this particular instance in Toronto. That is the reason for it. It is not because Toronto needs it, or the area around Toronto. It is because it is the desire to bring these programmes to other parts of Canada. It is for that reason, if for no other, that I submit this expansion should go forward. We must continue as much as possible to bring fine programmes to the people on the farms, in the woods, in the small villages and in all these places where they do not have the amenities of life that are possible in Toronto, in Ottawa, in Montreal and in Winnipeg and in various other places; we must strive to bring to these people all the amenities of life which it is possible for us to extend to them. We sometimes talk about the difficulties of unifying Canada. These are some of the things that tend to knit the country together. You cannot get the best development of the country unless the people in the hinterland, socially speaking, enjoy some of the advantages of those who live in the populous parts of the country.

Mr. ROSS (St. Paul's): CFRB has done a great job, and the people in my part of Ontario are convinced of it. If they were given an opportunity to go up to full power, would the people not have just as good a service as can be given by the present system, without cost to the taxpayers?

Mr. MAYBANK: I have answered that question already, but I will go a step further. The question really is whether private organizations shall be allowed network privileges. I submit that they should not be allowed network privileges, for the reason that they are interested only in their stations as commercial concerns, and the result would be that they would bring the network service only as far as their advertisers, who pay for the programmes, would desire their advertising to go, and there would be no reason for those private stations to carry their advertising programmes to distant parts. They would only strive to sell what the advertiser thought was worth buying. An advertiser would not wish to pay the cost of programmes going to the hinterland, because there is no one there to buy his product.

Mr. HOMUTH: That is a feeble argument for the socialist doctrine of the Liberal party.

Mr. MAYBANK: I have proceeded thus far, receiving from various parts of the house certain intelligent and always courteous questions, which I have endeavoured to answer in the spirit in which they were asked. I do not wish to reply to the hon. gentleman in the spirit which seems most common to him. If I have to stand for any more static from Waterloo, all right; I shall have to do so. However, I would suggest to the other members of the Tory party that they take in hand their brother from Waterloo and endeavour to instil into him some of the courtesy which they themselves usually exhibit. I am not hopeful

that they can instil into him any of the intelligence that they themselves generally display.

I was dealing with the question of networks before I was so rudely interrupted.

Mr. HOMUTH: You are just a spider.

The CHAIRMAN: I hope the interjections have been completed. There has been a generous number of them.

Mr. MAYBANK: The reason that the private network should not in general be allowed, although I do not suggest a complete prohibition, is that the advertiser would only carry that network to the place where his product could be sold, and thus it would come about that these private networks would only go to those places which were most thickly settled; and secondly, the network programme which it is desired to give to people less fortunately situated in Canada would not in fact be extended to them. The whole question is a social one. The question is whether or not we shall endeavour to give to the people in these outlying parts some of the benefits which are obtainable in the cities and in the large centres of Canada. That is the whole question.

Mr. MASSEY: Has the hon. gentleman thought of the possibility, assuming the development of a privately operated network, of the C.B.C. picking up such fine advertising programmes as are put out by the private stations and putting them over the air?

Mr. MAYBANK: Yes. I had thought of that, and before long I hope to say a few words about advertising in general. If I forget to do so, I hope the hon. gentleman will remind me of it.

Mr. ROSS (St. Paul's): May I ask a question—

Some hon. MEMBERS: Sit down.

Mr. ROSS (St. Paul's): It will not take a second.

Some hon. MEMBERS: Order.

Mr. HOMUTH: The chairman is willing to give the hon. gentleman time off.

The CHAIRMAN: I have no objection to allowing time off, but I must inform the committee that no questions can be asked without the permission of the hon. member who has the floor.

Mr. MAYBANK: Dealing with what the hon. gentleman—

Mr. ROSS (St. Paul's): I simply wish to say—

The CHAIRMAN: Order. I must insist that the hon. member take his seat. Once more I remind the committee that questions may not be addressed to the member who has the floor without his consent.

Mr. HOMUTH: And it must be through the Chair.

Mr. ROSS (St. Paul's): May I ask Your Honour whether I may be permitted to ask the hon. gentleman a question?

The CHAIRMAN: Order. I understand that the hon. member for Winnipeg South Centre does not wish to be interrupted.

Mr. MAYBANK: It was not quite that, Mr. Chairman, though I do not blame you for thinking that was my attitude, because I could not make myself heard. I had intended to say to the hon. member for St. Paul's that I should be glad if he would wait a few minutes before asking his question. Obviously the question he wishes to ask is a very important one, because he is quite persistent. Perhaps, therefore, it would help all round if I took his question now.

Mr. ROSS (St. Paul's): The question I wish to ask it this. Does the hon. member believe in good commercial programmes, and does he not believe that it is in the interests of Canada to have good sponsors? Does he not believe also that there is a lot of nonsense talked about commercial programmes? I know he agrees with me that good commercial programmes are desirable. Just before I sit down, may I say this—

An hon. MEMBER: What is the question?

Mr. MAYBANK: The question the hon. gentleman has just asked shows an entire misconception of any remarks I have heretofore made. For this I do not blame him. I may not have been very clear in my exposition, but I have not at any time decried the commercial programme. The hon. member asks if I do not agree that many commercial programmes are indeed very good. That, in effect, I believe is the sense of the question. Well, one has only to mention the programme Fibber McGee and Molly—

Mr. HOMUTH: Who is Molly?

Mr. MAYBANK: —the best programme there is, so far as I am concerned. That is a commercial programme. So I am not decrying commercial programmes at all.

I believe I have said about all I can say on the general network idea, as to whether there should be a network, or whether there should not be, and whether we should have a private network system. I come back, then, to say that the taking over of high-powered stations is in large part, indeed in the main, necessary

because people in Canada outside the populous centres must have more than one choice of network programme. Those who would not permit what is called the dominion network of the Canadian Broadcasting Corporation really are saying this, that they do not believe the people in the distant parts of Canada should have two choices of network programmes.

Mr. ROSS (St. Paul's): No.

Mr. MAYBANK: It comes down to that.

Mr. ROSS (St. Paul's): Oh, no.

Mr. MAYBANK: I submit that is what it is. I will agree that that is not what the hon. member for St. Paul's, who has interrupted me, has ever said in so many words. But when it is said that the dominion network should not be developed, then, under the present condition of the law, it comes down to saying that people in the hinterland may not have a second network choice. I know he would take care of that by allowing private stations to have the network.

Mr. HOMUTH: That is not fair; that statement is not fair.

Mr. MAYBANK: I am afraid I had better not say what I am thinking with reference to the interruptions of the hon. member for Waterloo South. I guess if I said what I am thinking I would be thrown out of the House of Commons—or even out of a saloon.

Mr. HOMUTH: It would be a grand idea if you were, because you have not added anything to this.

Some hon. MEMBERS: Quack, quack!

Mr. MAYBANK: It will be recalled that for a considerable time the hon. member for Waterloo South used to carry on like that—day after day after day after day after day. He would sit over there and annoy people. He never annoyed me very much. Finally some members of the house decided to interrupt him by calling, "quack, quack, quack"! Even he came to realize how apt was the description in that manner of himself.

Mr. HOMUTH: I still did not hear what he said.

Mr. MAYBANK: There is but little more I desire to say upon this subject. Before discussing the matter of advertising I should like to advert to some observations suggesting that the private stations were not being well-treated. Only a very few sentences will be required to answer that.

In the first place anyone who will look up the records will find that these poor degraded stations, as the hon. member for Stanstead described them, are multiplying. Every year there are new applications for private stations. And these new applications are made by keen-sighted business men. They know that the opportunities in radio for them, as the operators of community stations, are very great. Many of them have been licensed, and I believe very few refused. The list will be found in the proceedings of the radio committee, and will disclose that the number has been growing from year to year, until in the last few years it has grown quite large.

Mr. HOMUTH: In the last three years it has depended entirely upon what political party it was.

Mr. MAYBANK: That is why I am interested when someone suggests that the Canadian Broadcasting Corporation desires to keep down the number of private radio stations. The Canadian Broadcasting Corporation, of course, has no power either to grant or to refuse a licence; but it is always asked for its recommendation. Day after day, as these have come in, far from recommending against them, the Canadian Broadcasting Corporation has been recommending in their favour. So that it is a mistake to suggest that that corporation—

Mr. HOMUTH: Then the hon. member has declared right now that the government has the final say.

Mr. MAYBANK: Oh, yes; the government has the final say.

Mr. HOMUTH: We wanted to find that out—to stop the independent stations.

Mr. MAYBANK: I did not think any member of the House of Commons would find it necessary to rise in his place and address a question as elementary as that one to anyone. Surely the world has known and the Canadian people have known that the Minister of Transport is the licensing authority. Surely everybody who has ever had any conversation with anybody about radio knows that. I have no objection to answering questions, but it amazes me that even the hon. member should ask that question.

Mr. HOMUTH: Of course I only ask it as a question from someone who is less bright than I am.

Mr. MAYBANK: I do not know what the last question was, and therefore I cannot answer it. But if it was not any more intelligent than the other interruptions of the hon. member, it does not matter whether it is answered or not.

Mr. FERGUSON: The hon. member has said that numerous new stations were being licensed. I suppose he makes that statement with full knowledge of the number of applications, the number of acceptances and rejections in connection with new stations. Can he give me those figures?

Mr. MAYBANK: I did make the statement with some knowledge, although I would not go so far as to say that I had full knowledge at the particular moment I made it. Some of the facts are not in my hand at the moment. I cannot give the complete list just now, but the hon. member will find the list of all those stations very close to page 741 in the proceedings of the radio committee. I have had the list among my papers right along, but it is not there just at the moment. However, perhaps the hon. member will be content to accept that until such time as he can consult his own copy and read the proceedings, when I am sure he will find what I have said is correct.

Mr. ROSS (St. Paul's): I know the hon. member does not wish to be unfair. He has said that the licences are issued by the Department of Transport—and that is correct. But the last word as to whether any station is to be issued a licence or to have power to operate is with the Canadian Broadcasting Corporation.

Mr. MAYBANK: I thank the hon. member for the manner in which he prefaced his statement, because he said he knew that I did not wish to be unfair. Such indeed is true. Not only do I not wish to be unfair, but I should like to be as accurate as I can. And in regard to the statement with which he has taken issue I have been not merely fair but also accurate. The final licensing authority is the Department of Transport; but the Canadian Broadcasting Corporation has the right to make recommendations, and does so. Sometimes it may, for all I know, recommend against—although I believe that has not been done very often. I do not make that statement with complete certainty, but I believe it has generally recommended favourably. I would agree this far with the hon. member, that the recommendations of the Canadian Broadcasting Corporation are very often, if not invariably, accepted; for that reason there is some warrant for his interrupting me in the manner he did. The legal position is that the Minister of Transport has the final word in licensing, but the influence of the Canadian Broadcasting Corporation, I should say, is very great. Perhaps that brings the two of us sufficiently close together on that point.

Mr. FERGUSON: The reason I asked my question was that in the town of Barrie two returned officers with quite a war record were desirous of opening a station which the people felt was badly needed in order that they could have news of the activities of that town and the surrounding country. They appeared in Ottawa on several occasions; they built up a sheaf of correspondence about two inches thick but they did not seem to be able to get anywhere with the corporation. Their application was virtually refused, and after spending several months trying to get a licence they found their money dwindling away and had to give up. That is why I asked if it was easy to obtain a licence, or whether the corporation had assumed dictatorial powers and would grant licences only to certain people under certain conditions.

Mr. MAYBANK: My hon. friend can hardly expect an answer from me on a particular case. I suppose there are many occasions on which delays occur. It is something like trying to obtain a route on a highway. When people desire a licence to operate over a certain wave length it generally means there is an engineering problem. I know so little about engineering that I do not like to say very much about it, but I understand you must be sure that the granting of the licence will not interfere with another wave length already operating, and no doubt there are many other considerations. One cannot expect to deal with a particular case with any sufficiency.

The CHAIRMAN: I must inform the hon. member that his time has expired.

Some hon. MEMBERS: Go ahead.

Mr. HOMUTH: I think the hon. member is entitled to extra time.

Some hon. MEMBERS: Agreed.

The CHAIRMAN: With the unanimous consent of the committee.

Mr. MAYBANK: I want to express my thanks to the hon. member for Waterloo South and the members of the committee.

I have just a few words to say with reference to advertising. Complaint has been made that the Canadian Broadcasting Corporation is entering the advertising field to a greater extent than in the past. It is said that private stations are being deprived of advertising because the Canadian Broadcasting Corporation was taking it up. I suppose that would be true to the extent that private stations are carrying national advertising, but the Canadian Broadcasting Corporation would have no effect upon local advertising. The only service the C.B.C. could give to an advertiser is in

connection with national advertising. Except in a few instances the average private station does not handle national advertising. A station like CFRB in Toronto would probably serve 2,000,000 people in that area, and it has available a vast field of local advertising. I understand from people interested in private radio broadcasting, as well as from those in the C.B.C., that this type of advertising is the most lucrative. As far as national advertising is concerned, the greater part of the revenue obtained by the C.B.C. goes to the private stations. This money simply touches the hands of the C.B.C. and is passed on immediately to the private stations.

Assume there is a station called XYZ in the town of A in Alberta, not on a network. When the dominion network is established it would be included and would immediately benefit from any advertising revenue the C.B.C. obtained. I suppose in this development some private stations will be hurt by having their advertising intake reduced a little, but on the other hand many private stations will be helped by having their advertising intake increased.

Just a final word with reference to advertising. The Aird report stated that the national radio ought to go in only for indirect advertising, but that was in 1929. I suppose programmes have changed greatly since that time, and advertisers have also changed their methods greatly. It would not be feasible for any organization to attempt to exist only on indirect advertising. Indirect advertising is of the sort where a programme is put on the air and an announcer says, "This is brought to you with the compliments of such and such corporation." That ends the advertising and then follows the symphony or whatever the programme may be.

As every person knows, direct advertising is advertising which may occur right in the middle of a programme, and it generally occurs at the beginning and end. It takes the form of "Buy Camel cigarettes," or "Use Lifebuoy soap," and so on. We listen to hockey broadcasts which tell us about Imperial Oil. As I said, advertising methods have changed, and I do not see how C.B.C. or any other organization could continue to exist without that type of advertising. I mentioned Fibber McGee a little earlier. That programme could not go on a network if only indirect advertising was permitted, nor could we have these hockey broadcasts, because they are direct advertising.

We think we must have many of these programmes which we could not have if we had indirect advertising only. Long ago the public began to demand that they should have these programmes, and therefore reasonable allowance with regard to advertising in the Canadian Broadcasting Corporation networks must be made. The hon. member for Eglinton wanted something included in the report, but later he withdrew his request, and following along those lines I would suggest a formula something like this: Direct advertising must always be such that it will not mar the programmes. That formula should apply to the private stations as well as to the Canadian Broadcasting Corporation. Because of the ingenuity of advertisers, listeners to the radio feel that they must have the programmes of those advertisers. On the other hand the influence of radio upon the advertisers can be such that I think we can get good programmes with advertising, but not so much advertising or of such a nature as to impair the programme.

I did not intend to speak so long, Mr. Chairman, but you and the committee will agree that there have been certain interruptions which caused me to speak longer than I had intended. In closing I wish to thank you and the committee for its forbearance in listening to me.

Mr. MASSEY: Mr. Chairman, unquestionably the hon. member for Winnipeg South Centre, the chairman of the radio committee, has made an excellent speech. He has placed before this committee the case of the C.B.C., and has given the reasons and arguments which have been put forward in order that Bill 391 may come to be. On the other hand I cannot help but feel that his arguments are as hollow as a drum, and I want to beat upon that drum for a few minutes. I do not for a moment wish to attempt to discredit his arguments from the point of view of the sincerity with which they have been put forward, first by the officials of the Canadian Broadcasting Corporation and now by the chairman of the radio committee. Nor do I wish to take up one by one these arguments. I will make my own speech in my own way, which I hope will cover, for the information of the members, the ideas I have in mind.

In the first place I should like to make my own position clear. For reasons sufficiently well known to the members of the house, and upon which it is not necessary for me to dwell, I have not been able to sit in this house until just recently. But I have been able to follow the deliberations of the house through *Hansard* and the reports of the various committees; therefore I have some knowledge of what took place in the radio

committee. From 1935 to 1940 I was a member of that committee, and I have been interested in radio since its very earliest beginning. In fact I personally broadcast over the air as early as 1922; I was on the air continuously from 1925 to 1939 and frequently since, and for two years in the 1930's I was interested in the radio advertising business, with which I have no connection whatever to-day. It so happens that some of my closest friends are in th radio business, either with C.B.C. or with private stations.

I want to make clear what my opinion of the C.B.C. is. I think the C.B.C. is an excellent organization for the purpose for which it was designed. But when it goes beyond that purpose I feel it is time for this house to check its progress along channels through which it was not designed to go. C.B.C. is a body possessed of as fine executive radio talent as there is in this country. I have nothing but the highest praise for men in the radio game such as Mr. Ernest Bushnell and Mr. Charles Jennings, to mention only two who are completely outstanding and have the respect of radio broadcasters in all countries. Their service and the service of the C.B.C. in many of its specialized functions is a credit to Canada and has done Canada good. I think therefore, speaking in those general terms, I have made myself clear as to what I think of the C.B.C. as it was designed to be. I should like to add this further word, that it has always been very kind and considerate to me in connection with matters in which I happened to be interested or with which I was connected.

I said a few moments ago, "the purpose for which it was designed." I think it would do no harm, Mr. Chairman, to take a few minutes of the committee's time to make clear the purpose for which C.B.C. was designed. That takes us back—I do not want to immerse the committee in a bath of history—to the inception of the Canadian Radio Commission, which later became the Canadian Broadcasting Corporation. There was a situation prevailing in radio at that time which was most involved and from the point of view of solution, most elusive. We were young in radio in Canada, while immediately next to us tens and later scores and then hundreds of millions of dollars were being spent by that mighty nation, the United States, whose programmes were infiltrating Canada. There was no particular policing of Canadian broadcasts. There were no particular regulations, except in a loose and general way, and there was a definite absence of service of Canadian programmes to all parts of Canada. This situation was thoroughly covered in the Aird report, which has been aired so often and so thoroughly. Hence it was felt desirable that there should be brought into being a regulatory body which in its turn would bring to all parts of Canada a Canadian radio service.

I was interested in the formation of the Canadian radio commission. I knew its chairman intimately, the late Hector Charlesworth, and I know whereof I speak. Hon. members may wish to draw out and expand and make deeper and put implications into the formation of the Canadian Radio Commission which later became the C.B.C., but I am telling this commitee the facts, and that is as far as the duties of the Canadian Radio Commission originally went. It was designed to control, to police and to censor. It was to be a regulatory body composed of those who knew something about radio broadcasting. It was to protect the radio listener from unfortunate Canadian programmes which might be aired from time to time, and it was to put Canada on the air map in so far as special services were concerned which were beyond the power or the pocket book of the Canadian advertiser. It was, then, to regulate and supervise. It was next to give programmes to all of Canada, and as my hon. friend who has just taken his seat has said, especially to the more remote parts of Canada not served by radio. So it was that in 1932 there were those in parts of Canada which are not so remote who could get no programmes whatever, let alone from the United States. It was to give to Canada an impartial news service, not sponsored by any newspaper, which news might conceivably be coloured by the opinions of that paper, but a Canadian news service. It was to report on world events from its correspondents throughout the world, correspondents in the pay originally of the commission and later of the corporation, just the same as to-day the British Broadcasting Corporation, the Columbia, and other networks have their correspondents in all parts of the world. It was to bring reports of special events of wide interest. It was to bring to the listener, therefore, a specialized service. It was to canadianize its own programmes, divorced from advertising. It was to give a short-wave service to carry the voice of Canada to all parts of the world. It was to give educational programmes of a kind and type that no commercial sponsor would ever promote. It was therefore to raise radio out of merely the field of entertainment into the field of information and, shall I say, education.

I postulate, Mr. Chairman, that the Canadian Broadcasting Corporation as constituted to-day is virtually doing these very things. It may not be doing them as fully as is required by the listener; it may not be doing them as fully as the Canadian Broadcasting Corporation themselves would like to do them, but within the limitations of the money at their disposal I consider the C.B.C. is doing an outstandingly good job. It can do better, and will. Then why this vote? Is this vote in order to employ more Canadian talent in Canada? Is it to raise the basic scale of pay to Canadian artists? Is it for the purpose of giving better programmes? No, it is not. This vote is for the physical expansion of the Canadian Broadcasting Corporation. In the face of the fact that 94·7 per cent of Canada is at present covered—which is virtually saturation—the Canadian Broadcasting Corporation wishes to expand network programmes, and the expansion of network programmes means perforce under this vote that monopolistic control will be totally, completely and finally in the hands of the Canadian Broadcasting Corporation.

The hon. member who has just taken his seat has stated that the wave lengths provided under international agreement and at present in the possession of CFRB, Toronto, CFCN, Calgary, and CKY, Winnipeg, are wave lengths on which there must be broadcasting of a power of 50,000 watts. In spite of the fact that the possessors of those wave lengths have had them over a period of years and have given satisfactory service, as has been pointed out repeatedly, to the listeners in their community and within their range, they are not to be permitted to increase their power to the 50,000 watts because, were that permission granted, there would be discrimination against all other stations and discrimination in favour of them. That is the drum, Mr. Chairman, on which I am pounding. I think that is as hollow as a tympani. It is much better, therefore, in accordance with the arguments of my hon. friend, that these Canadian stations, giving a service to the people of Canada which—as has been pointed out too frequently for me to repeat—is a good service, should be put out of business. I asked the hon. gentleman if the facilities necessary for a privately owned network were made available to the private stations, could not the C.B.C. pick up the best of their programmes and air them through their own outlets? His answer was "Certainly." Well, then, why do we spend $2,000,000 of the taxpayers' money at this time when that can be done and done successfully without it? Why not let the advertiser's dollar develop that network?

This history of radio broadcasting has proven beyond peradventure that government-owned, government-operated and government-developed broadcasting cannot possibly compete with private enterprise under the advertising sponsor.

An hon. MEMBER: Soap.

Mr. MASSEY: Whether or not one wishes to have, as the hon. member who has just taken his seat said, a programme interrupted by somebody who says "Use Lifebuoy soap", or, "if you do not use our soap, use our perfumes", or something of that sort, the alternative is to go to a publicly owned system where it is public money which has to be spent for these programmes. Let us look for a moment at the wealth of the United States. We have become so much accustomed to dealing with millions and billions that I hesitate to use the figure which was given me the other day for the national income of the United States, but between four and five hundred million dollars are spent by advertisers alone over the national networks; and how many more hundreds of millions are spent in the operation and maintenance of these stations? Do you think, Mr. Chairman, that any government is going to set aside a billion dollars for programming in the United States? I do not think so. And what has happened in the United Kingdom? Going back into the days before the war, in 1939, as hon. members of this committee who were in the United Kingdom know, the vast majority of listeners there, according to surveys, listened to Radio-Normandie and Radio-Luxembourg, because it was only through those two outlets—there was a third—that commercially sponsored programmes could be aired in competition with the B.B.C. programme.

I submit, Mr. Chairman, that a network developed under private enterprise, permitted by the C.B.C., on which the Canadian advertiser can air his own programmes, will develop programmes which will be as much an advertisement for Canada in the United States as United States programmes are an advertisement for that country in ours. I should be much more interested in this vote if I thought for a moment that it was to give assistance to the creation of a network in Canada available to all.

Let us look at this vote in its true light. It is not for additional coverage. That has been clearly pointed out by the hon. member for Winnipeg South Centre. The purpose of

the vote is to create a monopoly, a complete and absolute monopoly in the hands of the government.

An hon. MEMBER: That is absolutely right.

Mr. McCANN: There is nothing in it.

Mr. MASSEY: Will the minister permit me to develop my argument? May I say to the minister that the phrase I just used, "to create a monopoly", means that all power is placed in the hands of the Canadian Broadcasting Corporation; that private enterprise in radio will be entirely eliminated. That is the argument I wish to develop; that is why I made the statement. I repeat, the spending of $2,000,000 is the deathknell of private broadcasting in Canada. I ask all hon. members, no matter how they may feel about the Canadian Broadcasting Corporation as against private enterprise, or no matter how they may feel about the Canadian Broadcasting Corporation in conjunction with private enterprise, to realize before they vote for this item that it sounds the deathknell of private broadcasting.

I can support a vote for the betterment of the service of the C.B.C. This morning votes 257 and 258 for the increase of the facilities, the service and the maintenance of our short-wave station were before the committee. I heartily subscribed to it. If this vote of $2,000,000 were for the betterment of the service, for the employment of the finest news broadcasters who could be obtained as wandering reporters over the world for the C.B.C., I would vote for it, because that is the purpose of the C.B.C. Why should the end of private enterprise in broadcasting be brought about? I was about to deal with that point when the minister interrupted me a moment ago. I said that the purpose of this vote was to create a monopoly. Why should it be the end? I will tell him. Let me draw on my own experience in a practical way. He knows as well as I do that the success of any broadcasting station is based on the audience which it can acquire. The success of any newspaper is the extent of its circulation. Just as we have an audit bureau of circulation in the periodical and newspaper fields to study the circulation of a newspaper so that advertising rates may be based accordingly, so we have in radio. We have surveys. First it was comical the way they were done. Later on the methods were improved. To-day the chairman of the committee, the minister, the general manager of the broadcasting corporation or any one else can with great accuracy ascertain the audience of any station.

Habits of listening change. Let hon. members remember this. In the old days it was fun to turn on one's radio, monkey around with the dials, and become what was known as a D-X hound. You would hear one programme for a few minutes, shift over to another and so on to see how many stations you could hear in an evening. Those days have gone. Then the listener went through the phase of picking out the programmes he liked on one station and the programmes he liked on another and in between times he did not bother keeping the radio on. To-day it is altogether different. The greatest proportion of radio listeners have their own favourite station and to that station they listen most of the broadcasting hours of the day. That station therefore has developed what is called its own audiences.

Let it be understood that in going out to sell their time to a would-be sponsor or advertiser these private stations can say that their audience is such and so, and they are right. On the other hand if you smother a station, if you blanket it, if you take away its traditional wave length and put it off in the cat-fight somewhere, the audience goes. And in the case of CFRB—let me speak of it—I know where it will go. It will go over to Buffalo, over to WKBW, WGRN and WBN. The C.B.C. is in competition with what the private station is able to offer without the ability to have a network. What the private station is able to offer is a local station. They cannot go out and sell time on a network. The surveys have shown that the C.B.C. cannot take competition. There are programmes of the C.B.C. which are listened to, as they should be; but throughout the day the C.B.C. has had to bend the knee to the private station even when that private station has not had the advantage of a network. Therefore I ask, do we want elimination of private broadcasting? Let there be no misunderstanding about it; if hon. members want the elimination of private broadcasting, vote for this item, which will accomplish that purpose.

I cannot overestimate the importance of radio. Sometimes I think it is possible for us, close as we are to the centre of things in Ottawa, to lull ourselves into a sense of misunderstanding. Radio is dynamite. It is not understood. Its power has had one dramatic manifestation in the course of the world's history. Had it not been for radio there would have been no world war II. Adolf Hitler would not have been possible. It was only through the magic of radio, that fantastic medium, that he was able to speak

again and again to the German nation all at one time, that he was able to rouse his rabble and poison the youth of his own country so that world war II took place. It is a medium of entertainment; it is a medium of information; it is a medium of education. But we must remember that in radio the element of competition is keenest, for the simple reason that if you buy the *Saturday Evening Post* and take it all the way home on a dark and stormy night, settle yourself comfortably in your living-room with your pipe, and you do not like it, you do not put it down and walk out again in the storm to the corner and buy *Maclean's* magazine, come back to your quarters again, sit down by the fire and read it. You do not do that; but if you tune in the equivalent of the *Saturday Evening Post* on the radio and you do not like it, you just flip the dial over a little bit and you have *Maclean's*. Competition in radio is very keen. People listen to that to which they like to listen. There is no power in Canada, thank God, that can make me listen to any radio programme, or make you or anybody else, Mr. Chairman.

Mr. IRVINE: That is the weakness of this house.

Mr. MASSEY: Let me say to my hon. friend that it is fortunate in many instances that the people of the country do not hear the debates here.

Mr. IRVINE: Hear, hear!

Mr. MASSEY: There are no iron curtains on radio. The deputy minister of customs and excise may in his wisdom declare that this or that particular magazine, whatever it may be, is detrimental to the youth of Canada, that it is pornographic, lascivious, undesirable, that it shall not be brought into Canada. He may also say that it is a type of propaganda that is subversive and therefore has no place in our literature. It is therefore banned. But you cannot say to the radio listener, "You shall not listen to such and such a programme." You cannot say that, unless you want in Canada what Hitler introduced into Germany. The C.B.C. will become, through this vote, all-powerful, but it can draw no iron curtain along the 49th parallel of latitude, around the great lakes and out to the seaboard. It is in competition with the finest programmes that are aired in the world to-day, and in direct competition. Take Toronto, as I have suggested. Where CFRB under this vote loses its wave length, I think you can realize what will happen. Certainly I know what will happen. Hon. members realize that the audience for CFRB will not shift to CBL except for specialized programmes; it will go across the lake to Buffalo. You can multiply that across Canada. I am saying to you, sir, with all the earnestness of which I am capable, that this vote is a vote for monopoly.

I should like to protest further that this vote is detrimental to the artists of Canada. We have developed in this country some of the finest talent in the world, out of proportion to the numbers of our population. This applies to the stage, the screen and the concert platform. Can you tell me that the expansion of the Canadian Broadcasting Corporation, with the salaries it is able to pay to artists, will promote the development of this talent in Canada? They may get their start here, but we will give those artists only their high school education, so to speak, and their university course in this respect will be taken in the United States. I could stand here for many a long hour giving you name after name and history after history of artists who have not been able financially to remain in Canada. Let me mention one. We hail the name of Ferdi Grofe and others in modern music as outstanding artists, Americans. But I stand here to hail the name of Percy Faith, a Canadian lad who worked for the C.B.C. and now has the Carnation Milk programme. He is internationally known, he is a coming young man whose name will be known throughout the musical world. Let me mention the name of Stanley Maxted. In my humble opinion he was the outstanding air reporter of this war. His record I need not recite here, but from D-day and long before that, anything of outstanding importance, including Arnhem, The Buldge, Wessel and even Tokyo and Hiroshima and Nagasaki, was reported by him over the B.B.C., to which he was attached during the war, and his reports were always the outstanding feature of any broadcast day. He is a Canadian. He came back to Canada after V-J day. Here was this wealth of talent, this magnificent record, and he was given a job in the C.B.C. I will not mention his salary, because that is not my business. Where is he to-day? He is in London, England, the advertising director for J. Walter Thompson, being paid a salary many times that which the C.B.C. could—I do not say would but could—pay him. My friends in the C.C.F. party who favour this vote, and the government and their supporters, will say, "We will pay artists what we wish to pay them and they will stay in Canada and broadcast and like it." Well, if they do, I think that our C.C.F. friends with their policy, and the government and their supporters, are hand in hand in this matter as never before.

An hon. MEMBER: No such thing.

Mr. MASSEY: I thought I would evoke some reply. I am disappointed that it is not more than that. Can the C.B.C. pay what it is necessary to pay these artists? I am not saying that it is right to pay someone $10,000 a week to broadcast, or right to pay some artists $250,000 to make a single film, or to pay Toscanini, Fritz Reiner or other outstanding performers what they are paid. They are paid these salaries in the United States and the result of their artistry comes over to us. Can the C.B.C. keep up that sort of thing. We have to compete, and I postulate that the paltry four or five millions a year which the C.B.C. obtains, not only for operation but for talent, is not sufficient to enable it to compete. Let the C.B.C. discharge the function for which it was designed. Let it give an excellent world news service, by first-hand observer, let it give cultural programmes and educational programmes, let it be the world reporter for Canada, let it be the propagandizer for Canada, if you like. But the C.B.C. at the moment wants the whole pie and not a portion of it. Let me remind those who would support government broadcasting that the B.B.C., with between fifteen and twenty millions to spend, with only one time, one language and land lines that do not matter, since they are insignificant, cannot do it. Do any members of this committee who have been in the United Kingdom and have listened all day, as attentive, intelligent listeners to the B.B.C. know why it is that English, Scotch and Irish listeners say what they do about it? The B.B.C. cannot, I say, do it under those circumstances that I have indicated, confined to one island, and with fifteen or twenty millions to spend. Can the C.B.C. do it in Canada with four time changes, two languages and thirty-five hundred miles of land lines? It is nonsense.

Now let us compare the C.B.C. with the B.B.C. for a moment. Here we are with four or five millions to spend; there is the B.B.C. with between fifteen and twenty millions. The news on the C.B.C. is very good. I listen to it whenever I can. Their News Round-up is excellent, and some of their men on the staff are doing a good job. The B.B.C.'s news is excellent in most respects. Their war reports during the war, to which I listened every evening at a quarter past nine whenever I was not on duty, I thoroughly admired and enjoyed. It was a magnificent round-up. Special events on the C.B.C. are in the main very well handled and reflect credit on their programme directors and their engineers. On the B.B.C. they are usually excellent.

Educational programmes on the C.B.C. are fair. And if one were to resort to the language of the services he would use an adjective in connection with some of them which would be followed by the word "awful." Educational programmes on the B.B.C. are terrible. I am speaking now as a listener, and I am not attacking it politically. General programmes on the C.B.C. are spotty—very spotty. Some are excellent, others are the reciprocal of that word, one which I cannot use in the House of Commons. On the B.B.C. they are awful.

Mr. HOMUTH: Use it; it is common among friends.

Mr. MASSEY: On the whole, as I have said, the C.B.C. within its own field is doing a good job; but when the C.B.C. gets into the entertainment field and into competition with the United States programmes it fails miserably. It is not doing a good job; stay out of it. If it is going to stay out of it, then do not vote for this.

The CHAIRMAN: The hon. member has exhausted his time.

Mr. MASSEY: I am virtually through.

Some hon. MEMBERS: Go on.

The CHAIRMAN: With the unanimous consent of the committee the hon. member may proceed.

Mr. MASSEY: I thank the committee. What about the United States?—and I shall hurry on to the conclusion. Every hon. member knows that the United States is the best in the world in broadcasting. They have had their difficulties. They were having far more difficulty than we were back in 1932 when the Canadian radio commission came into being. But they did not nationalize or socialize their radio. The federal communications commission had its faults and its failings, and did not always do its job as completely as it might. It made mistakes. But would any average listener in the United States wish to have the class A programmes discontinued? I do not think so.

Well, in connection with all of this, if I may resort to the vernacular, what's all the shootin' for? I repeat that this vote will eliminate private broadcasting. Oh, it is not going to do it this afternoon; it is not going to do it to-morrow; but it marks the beginning of the end of private broadcasting in Canada. Let no hon. member deceive himself about that. If he supports this vote he is saying to his constituents: "I believe that all broadcasting in

Canada should be under the Canadian Broadcasting Corporation, and that private enterprise in broadcasting should be eliminated." That is what his vote in this House of Commons will do. And so I say: Let us away with camouflage. Let us look at the bill.

Mr. IRVINE: Will the hon. member make his point clear?

Mr. MASSEY: Well, I thought most hon. members understood it.

Mr. IRVINE: He has not stated it clearly.

The ACTING CHAIRMAN (Mr. Golding): Order. I would call the hon. member's attention to the fact that the bill is not before the committee. We are considering item 965 in the estimates.

Mr. MASSEY: I wish to refer to a matter contained in the bill, if I may.

The ACTING CHAIRMAN (Mr. Golding): The bill is not before the committee.

Mr. MASSEY: Then I shall say that the vote reads in this way:

—on such terms and conditions as the governor in council may determine, and to be applied in payment of expenditures on the construction, extension or improvement of capital works of the broadcasting facilities of the Canadian Broadcasting Corporation in Canada.

Let hon. members compare the language of the vote with the language of the bill. It is not identical, but it is virtually so. In other words, let us away with camouflage. Let us away with all that this vote is surrounded. The vote is simply a substitute for the bill, and the government is holding up the bill and giving us the vote instead. I for one will not be hoodwinked by the vote; it is camouflage. Let the government shed its cloak; let us realize that this vote is governmental bureaucratic dust thrown in the eyes of this committee. I challenge any member in the house, I challenge any of our friends opposite to get up and say what this vote really says—"I am in favour of complete monopolistic control by the Canadian Broadcasting Corporation and I am totally and completely against private enterprise." Then, Mr. Chairman, that member will be honest.

Mr. KNIGHT: May I at the outset congratulate the hon. member who has just spoken, the name of whose riding I have not yet ascertained—

An hon. MEMBER: Greenwood.

Mr. KNIGHT: —upon his vigorous speech, with which of course I cannot agree. With the exception of making statements, I cannot see where anywhere in his speech he proved a single point. When I congratulate him, I am conscious that this business is new—well, perhaps not new, because I am sure he knows a lot about it—but it is at least new to him in this sense, that he is discussing it for the first time in the house.

Mr. MASSEY: I discussed it years ago in the house.

Mr. KNIGHT: Pardon me; I said that he is discussing it for the first time this session in the house.

Mr. MACDONNELL (Muskoka-Ontario): The hon. member did not say "this session".

Mr. KNIGHT: What I have said is still correct, despite the protests of the hon. member. I am not impressed by his statement that it was the use of radio that caused the rise of Hitler in Europe.

Mr. MASSEY: Mr. Chairman, I am sure the hon. member does not wish to be inaccurate. I made no such ridiculous statement. He can put all the ridiculous statements on *Hansard* he wishes, but he cannot misinterpret mine. I said it made possible the rise of Hitler.

The ACTING CHAIRMAN (Mr. Golding): Order. The hon. member must not be interrupted without his consent.

Mr. KNIGHT: May I now continue by saying that I do not believe that the same process of radio, which was available to the fascist leader in England, had the same effect by any means in that country.

Speaking of broadcasting, I would suggest that Mr. Speaker during the recess of parliament might profitably look into the matter of having some way by which speeches in the House of Commons might be heard by the general public. I shall say nothing more about that, more than to add that I wish some of the proceedings in the house might be broadcast to the country. If they were, it might improve somewhat the tone of the debates to which we must listen. It has been tried with success in one other place—in my own province, if I may be pardoned for mentioning it.

Mr. MASSEY: Which province is that?

Mr. KNIGHT: To enlighten the ignorance of my hon. friend I would say it is the province of Saskatchewan—and it has become very popular there. I am not suggesting all the debates in the house should be broadcast, but I do say that on certain occasions such a service might be made available to our constituents.

Mr. HOMUTH: You don't think the speeches made in the Saskatchewan house are so bright, do you?

Mr. KNIGHT: Let us for a moment proceed to discuss the speech of the hon. member for Macleod, who sits to my left and who, although he said a lot, in my opinion said very little. I was not impressed by his attack on communism. It is all right to attack communism, and I have done so myself on many occasions, but I cannot for the life of me see how he connects his attack upon communism with the actions of the C.B.C. What point did the hon. gentleman make? He said that the C.B.C. spoke to one million people. Agreed. All I could get out of it was that his idea of freedom of speech is to put certain speakers off the air.

Mr. HOMUTH: He did not say that.

Mr. KNIGHT: He stated repeatedly that all sides of a question should be heard, and with that I agree. Then in the same breath the hon. member said that there were certain people whom he would rather not hear.

Mr. HOMUTH: Mr. Chairman—

Mr. KNIGHT: I appeal to you, Mr. Chairman, in order that I may conclude without interruptions.

Mr. HOMUTH: May I say—

Some hon. MEMBERS: Order.

Mr. KNIGHT: I merely wanted to speak for ten minutes, unlike the hon. gentleman who spoke a moment ago.

The ACTING CHAIRMAN (Mr. Golding): I think it is the wish of every member of the committee that we make some progress and bring this debate to a close. The hon. member is not going to speak very long and there should be no interruptions by other hon. members. In that way I think we can make some progress.

Mr. HOMUTH: I rise to a point of order. The hon. member made certain references to what the hon. member for Greenwood had said and those references were not honest.

The ACTING CHAIRMAN (Mr. Golding): That is not a point of order. We are not going to permit an hon. member to be interrupted. Let the hon. member conclude his remarks and then my hon. friend may speak if he wishes.

Mr. KNIGHT: Unlike the hon. member for Greenwood, I am not making my maiden speech in this house this session, nor am I making my first speech in regard to this question of radio. I have spoken already on the bill, but I wanted to take just about ten minutes now and I hope I can get along with my remarks. There is one thing I am interested in in connection with radio, namely the matter of free speech. I agree with the hon. member for Macleod when he says that both sides of all questions should be aired, but, unlike him, I claim that the best way to have that freedom of speech, which I think is the desire of every hon. member, is by having some public vehicle over which that free speech may be transmitted.

As long as we have a publicly owned radio system subject to the control of the people through parliament we have a better chance to have free speech; we have a better chance to have both sides aired than we would by means of private companies whose main if not only aim is the accumulation of gain. You can buy time on a privately owned station in order to put your views on the air. The man with the most money can get the most time and there is no guarantee that the other side of the question will be represented. First, there may not be time available and, second, the opposing faction may not have the money to buy time on the air. So it goes on.

As an example I would refer to Mr. Trestrail, who was mentioned. We have some idea of his activities before the last election. Then there was the recent campaign against the cooperatives to which no effective reply was made because the cooperatives did not feel justified in spending money to reply to such twaddle. I ask the hon. member for Macleod in all reason and in all good friendship if these mysterious subversive forces to which he constantly referred in his witch-hunting speech could not work equally well over the private stations as they could through the C.B.C.? I do not think the C.B.C. is tied up in any way with any subversive element.

These private stations are run by good enough fellows, I take it, but I think we must admit that those men are interested primarily in the financial success of their stations. As was pointed out during the committee meetings, in some cases only about twenty per cent of their total time is devoted to such public service as sustaining programmes. It has been suggested here to-day that the C.B.C. is a giant competitor of these private stations, swallowing them up as it were, and that, therefore, they should be able to run their business without any grants of money. I would point out that the C.B.C. have other obligations besides making profits. One obligation of the C.B.C. is the putting out of sustaining programmes for the people of this country.

The private stations do not have any responsibility for the cultivation of public taste,

and if you asked me I would say that is the main responsibility of the C.B.C., the cultivation of public taste in the matter of education, arts, literature and those things which make life worth while. Let me repeat: Freedom of speech can be guaranteed only by a radio system which can be controlled by a democratic parliament. The chairman of the radio committee when he spoke some time ago said one thing with which I do not agree. He referred to the dual ownership of radio and the ownership of radio by the great newspaper chains.

I believe that is a bad element in our national life. I believe it is a bad thing for a newspaper chain through the manipulation of funds or by the possession of funds, to provide itself with such a tremendous vehicle for influencing public opinion. Not that I am against their influencing public opinion all they can and in every way they can, but I do not think they should have an opportunity of ganging together, as it were, to put one particular opinion across in the country. For that reason I oppose, first of all, dual ownership and the ownership of radio stations by newspapers linked up in a single chain. I shall close by stating that I support the vote for the C.B.C.

Mr. HOMUTH: I think I heard the hon. member aright when he said that this was guaranteed by a democratic party.

Mr. KNIGHT: On a point of order, the word was "parliament".

Mr. HOMUTH: Democratic parliament; that is quite all right. This democratic parliament, so-called, is dominated by the Liberal party which was elected to power in this house. My hon. friend says that the policy would be guaranteed by a democratic parliament. We have heard that word used so much and so often that I begin to wonder what it really means. I have begun to think that democracy is interpreted here as being a question of who is in power. I should like to, although I shall not take the time to do so, deal with some meetings which members of the Liberal party, the C.C.F. party, the Social Credit party and ourselves have had with the chairman of the C.B.C. I might be violating some of the little agreements we had if I referred to that; but I want to say this and I say it with all the emphasis at my command, that we tried to work out an agreement to give a fair apportionment of radio time to the different parties in this house. That was predicated entirely upon whether Mr. McLean, organizer for the Liberal party, and his friends would agree to it. There are members in this house who will say that that cannot be true, but it is true. It was predicated entirely upon whether Mr. McLean, organizer for the Liberal party in Canada, and his friends would agree to that disposition of time.

Mr. HOWE: Did Mr. Bell have to agree to it too?

Mr. HOMUTH: Mr. Bell did not have to agree to it, because we were representing our party as constitutionally elected members. But Mr. McLean was there, and he said that he could not say definitely because he did not have the agreement of such men as my hon. friend.

Mr. HOWE: I was never interested in that in my life.

Mr. HOMUTH: My hon. friend and others. Then two or three days later he came back. The truth was that the Liberal party did not know just where they were going.

Mr. HOWE: We do not worry about it as much as my hon. friends opposite.

Mr. HOMUTH: My hon. friend and I can chide each other as much as we like, but Mr. McLean was terribly worried. He could not say anything definite because the minister had not told him what he should say.

Mr. BLACKMORE: Would the hon. member speak louder, please?

Mr. HOMUTH: No one has ever asked me yet to use a loud speaker. Let me say seriously that in view of what was brought out in the investigation with regard to the money paid to the Toronto *Daily Star*, it is time that the country began to realize just what is going on. Surely no member of the Liberal party is prepared to rise in his place in this house and say the C.B.C. ought to be the mouthpiece of any particular party. But it is; it is to the extent that it gives the Toronto *Star* free time. That fact was brought out clearly.

In 1943 the Canadian Press contracted to make its complete news report available to the national network of the Canadian Broadcasting Corporation. The price agreed upon was $40,000 per annum. The news was to be delivered by wire to five C.B.C. regional offices from coast to coast, namely, Halifax, Montreal, Toronto, Winnipeg and Vancouver. The term of the contract was to be the duration of the war and six months thereafter.

At the same time the Canadian Broadcasting Corporation made a contract with the British United Press for the use of the B.U.P. foreign news report. The price to be paid was $25,000. In its other details this contract largely followed the one made by the C.B.C.

with the Canadian Press, except that the term of the contract was one year, automatically renewed unless certain agreed notice of cancellation was given by either side.

During 1944 the C.B.C. organized its second trans-Canada network, which became known as the dominion network. The corporation took the stand that it was unnecessary to make a separate purchase of news services for use on this new system. The contracts of both the Canadian Press and the British United Press were held to give the corporation the right to use the news delivered to it for any news purposes which the corporation might have and without restriction as to any specific network.

Shortly after the C.B.C. had thus established its right to use the news which it was receiving for its general purposes, it undertook on behalf of the government the operation of the short-wave broadcasting station at Sackville. Almost its first act of management was to purchase a news service for the use of the station. The contract was given to Canadian Press, not only without any competition, but also with the stipulation that no other news service was to be purchased. Remember, the short-wave station at Sackville was to use only one news service, and—let us be fair about it—that news service was very complimentary to the government. Although the news was only for use by this one station, without any transcontinental carriage or delivery at regional points involved, the price given to the Canadian Press was $45,000.

The contrast between what the C.B.C. was securing for its national and dominion networks combined for $40,000, and what it was spending $45,000 upon for the single government-owned short-wave station is glaring. Quite obviously the corporation did not carry into its role as manager for the government the same financial thrift and close bargaining that it practised where its own finances were concerned.

During the past year, however, the C.B.C. agreed to increase its payment to the Canadian Press from $40,000 to $70,000 annually. This concession was made, regardless of the fact that, for purposes of government contracts, the end of the war has not yet been legally proclaimed. In other words, the contract ran to the end of the war and we have not yet legally reached the end of the war. So far as Canada is concerned, the war is not yet over, and yet C.B.C. changed its news contract and increased the price it was going to pay for it. These are the things we are worried about. We are concerned also about the power which we are giving to ministers of the crown and to the various bureaucratic organizations which they have created. The people of this country are finding that, no matter what move they make, what they do, what they say, they are responsible in some way or another to somebody who is an official of the government of Canada.

I can well remember back in 1917 and on to around 1930, at a time when everybody in the province of Ontario felt that he was under the eye of some spy, someone who was trying to find out whether he was violating the Ontario Temperance Act. I believe that one of the reasons which made the people of this province vote for the repeal of the Ontario Temperance Act was the fact that a spy system had been built up. We have done the same thing here. We have created organizations—the Canadian Broadcasting Corporation, for example, and the wartime prices and trade board—which have taken away from parliament the power to govern. Parliament has been deprived of its power to pass laws, to such an extent that it is a wonder to me how patient the people of Canada have been. We must be very careful before we continue along this course. I can readily understand why the C.C.F. party is supporting this bill, because it is just one more measure toward socialism, or communism—call it what you like. But those of us who believe in free enterprise, who hold that we have the right to live our own lives, to raise our children in freedom and enable them also to live their own lives, cannot possibly vote for such a measure as this.

Mr. HERRIDGE: I did not intend to say a word in this debate, because I am supporting this vote, although I am of opinion that the resolution should have been introduced much earlier in the session. But I rise particularly to protest certain derogatory references by the hon. member for Macleod to a great and gallant Canadian; I refer to Mr. Elmore Philpott, who, I am pleased to say, is a great personal friend of mine. Mr. Philpott has made a great contribution in this country. He served overseas with great distinction in the last war and was severly wounded and twice decorated for bravery. As a commentator he has the largest listening audience in British Columbia, and is respected by people, regardless of the party which they support. I am sure he would be an asset to any board. If all able-bodied Canadians were doing as much for the development and building up of this country as Mr. Elmore Phil-

pott has done, under his severe and unusual disabilities, progress would be much faster in this country.

Mr. JAQUES: Progress where? Progress to Moscow?

Mr. LACOMBE (Translation): Mr. Chairman, at the beginning of my remarks I wish to read to the house a letter which I received from the Catholic Commercial Travellers' Professional Association.

Montreal, August 22, 1946.

Mr. Liguori Lacombe, M.P.,
Parliament Buildings,
Ottawa.

Dear Sir:

We have learned that Mr. Tim Buck, leader of the Labor-Progressive party (latest transformation of the Communist party) is scheduled to speak on the C.B.C. network on August 29 next.

Following the report of the Royal Commission and the statements in the house, the C.B.C. and the government have sufficient reasons for refusing the use of its network to a party which places loyalty to Moscow above that to Canada. Is it conceivable that complete freedom should be granted to people who want to overthrow our social regime and create confusion in our country for the benefit of another nation?

We hope that you will make it your duty to intervene in order to prevent the spread of subversive propaganda.

Yours truly,
Roger La Palme,
Secretary,
The Catholic Commercial Travellers' Professional Association.

That letter speaks for itself. The government should advise the C.B.C. to deny any broadcasting privilege to the labour-progressive party. The events which are occurring justify my intervention in this debate. Last winter there was held in Ottawa a communist rally at which Tim Buck, leader of the party, delivered an address. In view of the revelations made during the preliminary hearing of the people indicted for conspiracy and espionage, the government was in duty bound to prohibit that meeting. The infiltration of communist propaganda is continuing in Canada. How is it that at the very moment when the security of this country was threatened by traitors, the government should have allowed that revolutionary movement to hold meetings? What is the reason of their delay in outlawing the communist and labour-progressive party? On February 16, 1944, the day after the convention held by the communist party, under its new name of labour-progressive party, I called upon the government to outlaw the new-born group. They followed a laissez-faire policy.

Mr. LAFONTAINE: A legitimate policy.

[Mr. Herridge.]

Mr. LACOMBE: We are now witnessing the disastrous consequences of that policy. It is better to suppress evil at its roots. Law-abiding Canadian citizens are alarmed when they think that the communist doctrine already has thousands of sympathizers in this country. Strong measures should be taken before it is too late.

A communist wave is overrunning the world. It threatens the very foundation of society. Religious and civil groups anxious to protect religion as well as the family feel justified concern. That is evidenced by this other letter I have received from the Catholic Organizations Committee of the Montreal district.

August 26, 1946.

Sir,

On behalf of the Catholic Organizations Committee of Montreal of the Sacred Heart leagues, of the Catholic Commercial Travellers Association, of National Catholic labour unions, of the Jeunes Laurentiens, and of many other associations, we ask you to intervene with a view to the banning of the addresses which the national leader of the Labor-Progressive party, Tim Buck, and the Quebec provincial leader, Guy Caron, are to broadcast over the C.B.C. on Wednesday next, August 28, in the interests of their party.

It is intolerable, after the investigation in Russian espionage activities and the serious charges made against the Labor-Progressive party, that its leaders should be allowed, at the expense of the taxpayers, to broadcast propaganda, in favour of a movement recognized as subversive.

Yours very truly,
Roland Germain,
Secretary
of the Catholic Organizations Committee.

Therefore, the government should take the necessary steps to prevent any communistic broadcasts and propaganda in Canada.

Mr. GAUTHIER (Portneuf) (Translation): Mr. Chairman, I have followed very closely the remarks of the hon. member for Laval-Two Mountains (Mr. Lacombe), but I noticed that the letter from Mr. Germain is dated August 26, while Mr. Caron and Mr. Tim Buck were to speak on the C.B.C. network Wednesday last.

Had the hon. member been present in the house before Wednesday last, he might have registered his protest at that time, in the hope that the government might have considered his request. Last Tuesday, the hon. member for Beauharnois-Laprairie (Mr. Raymond) asked the government whether the Right Hon. the Minister of Justice (Mr. St. Laurent) intended to allow these lectures to be broadcast. The Minister of Justice then gave his answer and, to my mind the hon. member from Laval-Two Mountains should have protested when it was still time to do so, that is before

the lectures were broadcast. We were in the house when the hon. member for Beauharnois-Laprairie registered his protests and requested that these talks be prohibited.

Mr. LACOMBE: Will the hon. member allow me a question?

Mr. GAUTHIER (Portneuf): Surely.

Mr. LACOMBE: Does the hon. member believe that it would have been proper and in accordance with the rules of the house to register my protests at a time when the debate did not warrant such a step?

Mr. GAUTHIER (Portneuf): Certainly. The hon. member for Laval-Two Mountains stated in his speech that communism was spreading subversive ideas. Knowing that, he should have uttered his protests before now; the proper time for them was before the subversive ideas had been repeated over the radio. The protests should have been made before the lectures were broadcast. The hon. member should have been present, as we were, to state his opposition at the proper time, as the hon. member for Beauharnois-Laprairie has done.

(Text):

I should like to say a few words to the hon. member for Macleod. During the course of his speech he pointed at the French-Canadians several times. Let me tell him one thing. We are all Canadians; he knows that. Be we of French, Jewish, Ukrainian or English descent, we are all Canadians. It is not because we are French-Canadians that we shall stand with my hon. friend who points at us especially just to give the general impression that we are idle. We protest against communism. We have been protesting against communism and against the spreading of these ideas as early as my hon. friend. We did it in 1936 and 1937.

Mr. LOW: He said that.

Mr. GAUTHIER (Portneuf): And we know that. We are against communism by tradition, mentality, creed and common sense. We do not speak as often as my hon. friend; that is all right, but we act.

Some hon. MEMBERS: Question.

Mr. LOW: I have just a question or two to ask for information before I say a few words. I do not intend to hold the committee very long, nor do I intend to repeat any of the arguments which have been advanced as to why we should vote against this appropriation.

Is the $2,000,000 proposed in vote 965 to be additional to the $500,000 which is the maximum possible advance provided for in section 4, subsection 17, of the bill as it now stands? Perhaps the minister would like to answer these questions as I go along.

Mr. McCANN: It could be. There is nothing in the resolution which precludes the right of the corporation to borrow in accordance with the statute as it now exists.

Mr. LOW: Therefore there is $500,000 already available which the corporation could use between now and next session for whatever purpose it requires, according to the statute? Are the class 1-A channels now occupied by CFRB in Toronto and CFCN in Calgary protected for Canada's possession until the spring of 1949?

Mr. McCANN: No, just until 1947. The work must be well undertaken by 1947.

Mr. LOW: That does not answer my question. The minister says that the work must be well undertaken by 1947. Is it not true that according to the Havana international convention, these channels were to be protected for Canada until 1949? I may be mistaken, but that is what runs in my mind. If that is so, it makes quite a difference to the argument—

Mr. McCANN: The original agreement was until 1946; it was extended until 1949, but the work must be under way by 1947.

Mr. LOW: That is the answer I wanted to get. If Canada is protected in the possession of these channels until the spring of 1949, then I should like to ask the minister why the rush in the dying days of the session to put through a supplementary appropriation of $2,000,000, when it will be only a few months until the next session is convened when hon. members should be given the fullest possible opportunity to develop and to debate this whole question, and not be hampered, we will say, by the desire of every hon. member to get away after having been here so long as we have? If the minister will answer that question I shall continue with my few remarks.

Mr. McCANN: The answer to that is that it takes a long time to get the equipment which is ordered and to do the building which is contemplated. For these reasons it is necessary that the corporation be given such time to carry out these plans that they may be done successfully.

Mr. LOW: I shall just take a moment or two to say a word in answer to the arguments which were presented by the hon. member for Winnipeg South Centre. At the outset I

should like to emphasize that we of the Social Credit group are not opposing the appropriation of $2,000,000 solely because of the "bogey" of communism, not by any means.

Mr. HANSELL: That was not my argument.

Mr. LOW: No. The hon. member for Macleod did develop that phase of it somewhat fully, but we look upon this appropriation as something far beyond, we will say, creating the possibility of communism taking possession of Canada. We do not look upon communism as a bogey. The possibility of the destruction of Canada by communism is a reality and it must be faced. There is no bogey and we are not offering it as a bogey—

Mr. HANSELL: It is the government's biggest problem right now.

Mr. LOW: Without question it is the biggest problem that Canada faces to-day. Here are the reasons, in brief, beyond what the hon. member for Macleod suggested this afternoon, why we feel so keenly about having this appropriation held over until another session when it can be debated fully. In the first place, I feel, along with the hon. member for Greenwood, who made a splendid presentation this afternoon, that passing this appropriation now, giving the C.B.C. the right to use $2,000,000 more for expansion, will certainly destroy competition by private stations in Canada. Social Crediters hold that a government monopoly can be just as vicious as a private monopoly. In fact I am convinced personally that it can be more vicious. I feel that the only proper safeguard against a vicious government or commission monopoly would be to have strong competition from private stations. I stand for that and I shall fight for it as long as I have strength.

I believe that in the interests of the Canadian people we should maintain strength on both hands. I am not opposing the continuation of the C.B.C. as a government-owned proposition. I made that clear in my address the other day. It has done splendid things, but it should keep its place within the framework of the policy laid down for it when it was formed. I believe there would be an obvious injustice to certain private stations which have developed a listening audience and have given good service for years to that audience, if this vote were put through and those private stations were forced out of the channels they occupy and have occupied for so many years.

The third reason why I oppose the vote is this. I believe that if the C.B.C. were to take over these channels, and particularly the one I know about and have known about for a good many years, the 1010 kilocycle channel occupied by CFCN Calgary, it would be a patent injustice to a large group of people who do not want that channel taken over by the C.B.C.

The fourth reason why I feel I must oppose the appropriation is that there certainly is no rush. Canada is protected in the possession of the channels of CFRB and CFCN until the late spring of 1949. While the minister has given a plausible reason why the C.B.C. should get busy on the building of their proposed new stations, I would point out that the private station now occupying the channel 1010, CFCN Calgary, has already indicated its desire to go ahead and step up the power of its station to 50,000 watts, and if and when the people have decided that the C.B.C. should occupy that channel they would be willing, so they say, to make the transfer to the C.B.C. But in the meantime they could keep the spot warm for Canada, so that we shall not lose the channels.

When the hon. member for Winnipeg South Centre speaks of a shotgun, I would ask him whether he thinks it is right to allow anyone to point a shotgun at his wife and shoot her before we disarm him.

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

Mr. LOW: Certainly.

Mr. MAYBANK: I would remind him that when I referred to the shotgun I was speaking of the question whether or not there should be a divorcement between newspaper and radio. That was the connection. I am afraid he misunderstood.

Mr. LOW: I am pleased to be set right, but under the circumstances I can use the illustration to good advantage—

Mr. MAYBANK: With my permission.

Mr. LOW: Yes, with the hon. member's permission. I should not like to infringe his patent rights.

Mr. MAYBANK: Go right ahead.

Mr. LOW: We must disarm the C.B.C. now before we allow it to shoot the private stations, their competitors, dead; and we are attempting to prevent that by opposing this appropriation.

The hon. member for Winnipeg South Centre mentioned also that it was always well to sleep on an important matter before rushing into it. I agree with that 100 per cent, and that is the best argument for holding this appropriation over until next session, which will begin a few months hence. That is not too long to wait, and I am sure that no damage would be done by waiting. In the

meantime the people of the country might be allowed to give expression to their views. In my opinion the people now served by these two private stations ought to have something to say in the matter. Surely the people themselves have rights, and it is the obligation and responsibility of members of this house to see that those rights are fully protected and that the people have a chance to express their wishes.

The hon. member's argument that it would be unfair to allow the private stations to increase to 50,000 watts has little or no force. If a private station has been assigned a frequency and has developed it in the interests of the people in the area—granted, in its own interest as well, though the same can be said of the C.B.C.—then the final indication of whether the station should be allowed to increase to 50,000 watts, or whether the C.B.C. should preempt the channel, is one that should be given by the people who have formed the listening audience in that area. I emphasize once again that the people themselves ought to have some right to express their views with respect to this appropriation. They have done so to me and to a number of other hon. members, and I suggest, with all deference, and with no malice in what I am saying, that the minister should hold the appropriation over and think the matter through for a while before he brings it in at the next session.

Mr. IRVINE: I know hon. members are all anxious to have the question put, but members from all sections have properly, I think, exercised their right to express their views on an important matter of this kind. It is regrettable that it should have to come before us in the dying days of the session and I shall endeavour to be as brief as possible. I wish to answer some of the arguments that have been put forward by hon. members who are opposing the vote before the committee, and I refer particularly to the hon. member for Waterloo South, the hon. member for Greenwood and the hon. member for Macleod.

The hon. member for Waterloo South tells us that the C.B.C. is now dominated by the Liberal party. From the democratic point of view, even if that were true, it would not be too bad, because, after all, the Liberal party does represent the majority vote of the people of the country; and while that is so, under our constitution, it has the right to give some direction to things. But I do not agree that they do dominate. I believe that in so far as it is possible, having regard to the weaknesses of human nature, the C.B.C. is doing a pretty fair job.

The next point the hon. gentleman made was that he does not know what democracy means. He need not have spent any time in telling us that. That is quite clear, so that I shall pass on to the next point. He says he wants equal time on the radio. I do not disagree with him so much on that. I think it is going to be a difficult thing to please all parties in deciding what time each shall have over the national broadcasting system. Perhaps it would be better to allow my Social Credit friends more time than anybody else, because their troubles are greater than anybody else's. I do not mean by that to insult my hon. friends; I mean that their ideas are newer than any other ideas, and, therefore, they need to have more time for explaining them than other people require. I certainly would be glad to vote that the Social Credit party have at least its quota of time on whatever basis the house or the government might decide political parties should be allotted time. I agree with that 100 per cent. And if it should be equal time, I agree to that, too. I am a believer in free speech; I am a believer in democratic principles, and, therefore, I will stand by that in this as in other matters.

The hon. member for Greenwood was answered pretty thoroughly by the hon. member for Saskatoon City. I suggest to the hon. member for Greenwood that it takes more than bald, unsupported statements to carry conviction. It is all very well for him to say, in his impressive manner, and with that fine personality of which he is the enviable possessor, that the C.B.C. is going beyond the purposes for which it was designed. I asked the hon. member to make that clear, and to bring forward the facts to support what he said.

I happened to be in the house when it was designed, and by one of his own leaders. I do not for one moment agree with him that the C.B.C. has deviated from its original purpose. But even if it had, that is no great argument against it, because conceivably it might have a better purpose still. He did not prove that if it has departed from its original purpose it is not now following a better one.

On his next point he declared most emphatically that this vote would mean the end of private broadcasting. That is another absolutely unwarranted and unsupported declaration. If it were taken logically it would mean that the defeat of this vote would be the end of the C.B.C. The logic in one is just as good as in the other. I question whether either is true. So that when the hon. member attempts to build up an argument and to

prove a point of that kind, I should like to have the point made clear. I want evidence brought out to show that he has justification for the point he attempts to make.

The hon. member who has just taken his seat reiterated the same position. He says that a government monopoly is just as bad as any other monopoly.

An hon. MEMBER: Worse.

Mr. IRVINE: All right, "worse". As a matter of fact, it is a misnomer to speak of government monopoly at all. A monopoly means that an individual or a small group of them secure sufficient power to gain for themselves certain advantages over all the rest of the people. It is at that point that the government steps in and ends the monopoly, distributing the benefits to all the people. So that it is an absurdity to talk about a government monopoly. This is the thing which ends the evil effects of monopoly.

Mr. LOW: That is what you think.

Mr. IRVINE: The evil effect of monopoly is that a small group or an individual may benefit at the expense of everybody else. But when a government is doing a thing in the public interest, while such government may have failings and may have made mistakes, yet the object is not monopoly for any group but, if you wish to use the term, monopoly for all the people. That is the very soul and basis of democracy.

Mr. MACDONNELL (Muskoka-Ontario): Would the hon. member permit a question?

Mr. IRVINE: I shall allow the hon. member to ask a question when I have finished; at that time I shall do my best to answer him. But I do not suppose it would help either of us at the moment if I were to stop to answer his questions.

Much has been said about sleeping on the matter before we rush ahead. Well, this house has been sleeping for a long time on a lot of matters. I do not want it to sleep any more. I should like to see it wake up and take action immediately.

I have noticed that the hon. member for Peace River differs sharply from the viewpoint expressed by the spokesman for his party on the committee. He very properly, perhaps, says that when a decision is to be made respecting certain airways or certain programmes concerning which a company shall have privileges in certain communities, such matters should be settled and decided by the listeners, the rank and file of the people. That sounds fine. But the hon. member for Macleod says they do not know anything about radio and that he repudiates their having the say as to what shall happen with this or that in respect of radio.

Mr. LOW: I qualified it by saying that they have the facts.

Mr. IRVINE: I shall allow the hon. member to qualify it now. I have no wish to indicate that he said anything which he did not say.

Mr. LOW: Right.

Mr. IRVINE: I wish to answer the hon. member for Macleod a little more fully, because I think he covered the ground taken in opposition to this vote perhaps more comprehensively than any other hon. member who has spoken. I should like to compliment him as a most effective member in the house. While I disagree with him, I respect his position and his point of view and I should hope that, while I know he disagrees with me, he will respect my opposition to his point of view. He has said very properly that there is a vital principle at stake in this matter of the C.B.C. He emphasized that by saying that it implied unlimited potential powers. He went on to argue or to suggest, as an interpretation of that point, that the C.B.C. or any other national broadcasting system has the ear of vast numbers of the nation's people at any time of the day. That is true, and it does make radio a vital question. It is precisely because of that point that I am in favour of the C.B.C. If the public did not have control of such a master instrument as this it would pass into the hands of private monopoly.

Let me in that connection read a short extract from our great national magazine, *Maclean's*. Perhaps I need not mention the name of the gentleman who is the hero of this article.

Mr. LOW: Oh, go on; name him.

Mr. IRVINE: I can name him, if necessary, but I do not want to give any unnecessary notoriety.

Mr. LOW: Oh, go on.

Mr. IRVINE: Well, all right. He is Mr. Roy Herbert Thomson. I quote:

> . . . a fast-talking Torontonian who traded mumbo jumbo for supersalesmanship, a magic wand for a fountain pen and proceeded to pull hundreds of thousands of dollars literally out of thin air.

A Social Crediter, per se.

Then it goes on:

> Nobody, except maybe Thomson himself, would have bet that within a decade he would become a big voice in the Canadian radio and newspaper scene.

To-day he directs the destinies of six newspapers and three radio stations in Canada, and has an interest in two other Canadian stations. He also owns the controlling interest in the only radio station in British Guiana, and has a newspaper in Jamaica.

He admits he would like to own a metropolitan daily, and rumour has it he wants to buy the Toronto *Evening Telegram*. Of this he says: "Everytime somebody is reported trying to buy something, I get blamed for it." But there's reason for it. A friend said recently: "He'd try to buy the B.B.C. if he knew Attlee a little better."

That is what happens when a master instrument of this kind is left to the grabbing of those who have the greatest brains, if you will, or the greatest pocketbook or the greatest agility or the greatest cunning or whatever particular factor enters into the successful control of an instrument of this kind. If it were not that we had the C.B.C. to protect the interests of the Canadian people we would find ourselves with the whole medium of public education passing into the hands of private monopoly. My information in this regard is that the privately owned radio stations in the United States of America refused, up until a few years ago, to sell time to the cooperatives. At that time they were forced by the government to extend that privilege to all classes in the community.

I finish that point by saying that the hon. member for Macleod is quite right when he says that this is important. With the private stations it is only those who have money who can buy any time. In that event I am afraid that neither my hon. friend nor I shall ever be heard. I have never been and I do not know whether my hon. friend has, but certainly neither of our parties would ever be if we had to buy time. I am glad that this control is in the hands of the C.B.C., which makes it possible for us to get at least a little time along with the other philosophies in this country. When you are buying services of this kind on a private basis it means whatever the traffic will bear, and there are two things that happen. First, you rule out to a great degree the large masses of people from having its benefits and, second, inevitably you build up a privately owned monopoly. Those are two things that come from your so-called free competition.

My hon. friend took a gratuitous slap at the *People's Weekly*, a paper which opposes the ideas for which he stands and referred to it as a funny paper. If my hon. friend found himself on the pages of a funny paper, then for the first time in his life he was where he ought to be. He went on to say that, when consulted, the people did not seem to understand about radio. I would say to him that no doubt the people understand as much about radio as they did about social credit when the Social Credit party came to power. I do not like the inference in my hon. friend's argument that some body somewhere must tell the people what they must do with respect to a technical question like radio.

If that is true, who is to do it? Is it to be a private corporation, or is it to be a body responsible to parliament? If any body is to do it, then I say that the people who control parliament should do it. Frankly, I have more faith in the people than my hon. friend has. I think he reflects on their judgment with respect to both of us, because they sent us here. I hope they did not make a mistake in both cases, but it is quite within the realm of possibility that they did. They have the right to make that mistake if, indeed, they made it.

I want to follow up a little farther the other argument of my hon. friend. He speaks of the board as being authoritarian; he laid emphasis on the authoritarian phase of the thing. There is no such authoritarian idea in the board. My hon. friend is playing fast and loose with a certain sentiment which is a hangover of a great world conflict. He is trying to scare the people into his way of thinking by utilizing an idea that has been scaring people very badly ever since Hitler began to come to power. There are no such authoritarian powers. This parliament is supreme over anything that this government handles. If it is not, we should go home; we should not be here at all. If I thought parliament was not supreme I would not stay here for two minutes.

It is supreme now, despite the fact that hon. gentlemen opposite are Liberals and despite the fact that they do things with which I disagree most sharply. Still, what they do is what this parliament says they can do, because they represent the majority. Every four years the people of Canada have the right to say who shall represent the majority. While that is true, it is not true for anyone to say that a board appointed by this government and responsible to this government is exercising authoritarian powers.

Then he said he would like to have a neutral body governing these things. Where would he find it? What does a neutral body mean? Neuter is one of the genders in grammar. There is feminine, masculine and neuter. Two are virile, and the other is lifeless, a thing without life or sex. That is neuter, and my hon. friend would have a body governing our radio commission which would be a sort of polyglot, hermaphrodite conglomeration of something that stands for nothing in par-

ticular and is entirely neutral. There is no such individual; there is no such body; it is just another word. People will have bias. Even judges on the bench will have bias without knowing it. We cannot make people without bias. To think that any body will be so absolutely impartial as to be described as neutral is going far beyond anything that I have ever met.

He spoke next about driving the press out of business through the development of facsimile news. I think we must give the hon. gentleman credit for at least going quite a step beyond anything we have been able to achieve in this country in radio development. But the same thing would surely apply under private ownership, no matter how far he carries the development. My hon. friend and his party, just as I and my party, have often said that the press in Canada is controlled by the big interests. I think my hon. friend will never deny that the leaders of his party, if not he himself, have said that constantly, and I think they do yet. But the Social Credit government of Alberta, I would point out, is the only government that I know of in any British country that ever made any decided step toward the censorship of the press. Fortunately they were not permitted to do that.

Mr. LOW: That is not true.

Mr. IRVINE: If it is not true my hon. friend can bring the legislation here and leave it exposed in parliament and leave it to the judgment of the house. At any rate there was a decided effort made to control the press in Alberta.

Mr. LOW: No.

Mr. IRVINE: Call it what you like. What would you call it?

Mr. LOW: I will tell you exactly what it was. It was an attempt to have the facts as the newspapers saw them and as others saw them presented in the pages of the paper, with no control whatever over what the paper should say.

Mr. IRVINE: I think the hon. gentleman should have used another word. I think he should have used the word "truth." Of course, "truth" is a very slippery word. It is difficult to tell who is telling the truth. I think I am telling the truth in this matter and my hon. friend thinks he is telling the truth. Everybody has a different concept of what is the truth, and if you ever set up an organization that says, "This is the truth and anybody who says anything different is telling lies, and we must not let him tell lies," then you have complete control of the press.

[Mr. Irvine.]

Mr. LOW: That is just your interpretation.

Mr. IRVINE: That was the legislation as I understand it.

Another point my hon. friend made was his expressed fear of Marxian and communistic teaching. He has every right to be afraid of what he must be afraid of and every right to oppose that with which he does not agree, but he has no right to prevent even the communists from having a say in this country.

Mr. JAQUES: Let them say they are communists. Put a label on them.

Mr. IRVINE: He has no right to say that any private station which might give time to these people would receive his censure if he were in power. That remark of his indicates to me that it would not be safe to entrust the spirit of democracy in the hands of the Social Credit party. If that is his idea—

Mr. LOW: That is not what he said. It is only your comment.

Mr. IRVINE: I am glad that the leader of his party has repudiated that. I think it ought to be repudiated. But that was actually what was said.

Mr. LOW: That was not what was said.

Mr. HANSELL: I shall have a word to say after my hon. friend is through.

Mr. McCANN: This thing cannot go on forever.

Mr. IRVINE: No, it cannot, and therefore I shall endeavour to bring my remarks to a close as speedily as possible.

My hon. friend was also kind enough to set up a board of governors for the C.B.C. for the benefit of the C.C.F. He was gratuitous in his complimentary prophecy. He pointed out that if this government should always be there it might be all right, but some day the C.C.F. might get into power. Then he went on to say what kind of board of governors we might have then, and he named a board of his own, although none of these people are here to defend themselves, except one. The ones he named were David Lewis, Professor Frank Scott, Harold Winch, leader of the opposition in British Columbia, the hon. member for Vancouver East, Mr. Elmore Philpott and Miss Macphail. I appreciate that. It is a fine board. I would suggest that the present board is no better. I do not think anyone could have named a better board than the one which was concocted by my hon. friend, and I hope that some day they will actually be in control of the C.B.C. in the interests of the people of Canada.

Let me conclude on the note on which my hon. friend concluded. He protested that he was a Christian. Yet when he came to speak of Russia his remarks were surcharged with irrational bitterness. Whatever things he or I or others may think about Russia this is no time and no place and certainly no occasion for any member of this house to take a rap at an erstwhile ally when the world is now in such turmoil and we are endeavouring to find a basis for the future peace of the world. I hope my hon. friend will repress his noble rage until a more convenient season. There may come a time when it will become necessary for him to criticize Russia, but at the present time the less he or I or anybody else has to say that will stir up animosity in the international field, the better. I want to say further with respect to his fear of communists controlling the C.B.C., and that communists are in control of strikes and communists are doing this and doing that, if all that is true the communists must be the most remarkable people in the world, and therefore most decidedly they should have charge because they certainly have competence if they can do all these things despite the opposition. I think that is all rubbish. To say that every strike is caused by communists or that everything Russia does is bad because she is a communist country—these things are ridiculous. The claim that the C.B.C. is controlled by communists or that it is in danger of being so controlled is untrue and has no basis in fact.

Mr. McCANN: I think it is the wish of all hon. members that we conclude this debate before six o'clock. I have not had an opportunity of saying anything in this debate—

Mr. MACDONNELL (Muskoka-Ontario): If the minister has the idea that no one else wishes to speak on this question I think I should tell him that he is wrong.

Mr. ST. LAURENT: May I move to report progress and ask leave to sit again. There are certain items on the order paper which I should like to have called before six o'clock if it suits the convenience of hon. members.

Progress reported.

BUSINESS OF THE HOUSE

Mr. ST. LAURENT: I think I would be meeting the wishes of all hon. members if I moved at this time:

That, notwithstanding the terms of standing order 6, when Mr. Speaker leaves the chair at six p.m. this day, the intermission extend only to 7 o'clock instead of 8 o'clock.

Motion agreed to.

EXCESS PROFITS TAX ACT

Right Hon. L. S. ST. LAURENT (Minister of Justice) moved the second reading of and concurrence in amendments made by the senate to bill No. 370, to amend the Excess Profits Tax Act, 1940.

He said: Mr. Speaker, they are merely verbal changes correcting an erroneous reference in one section to another section of the act.

Motion agreed to, amendments read the second time and concurred in.

FOREIGN EXCHANGE CONTROL

STATUTORY AUTHORITY FOR ORDERS IN COUNCIL PASSED UNDER WAR MEASURES ACT

Right Hon. L. S. ST. LAURENT (Minister of Justice) moved the second reading of and concurrence in amendments made by the senate to bill No. 195, respecting the control of the acquisition and disposition of foreign currency and the control of transactions involving foreign currency or non-residents.

Mr. MACDONNELL (Muskoka-Ontario): Are we being asked to adopt these now?

Mr. ST. LAURENT: Yes.

Mr. MACDONNELL (Muskoka-Ontario): Well, they seem to be multitudinous in number. Are we to have any chance of looking at them at all?

Mr. ST. LAURENT: I understood that they had been examined.

Mr. MACDONNELL (Muskoka-Ontario): I have had these in my hands for an hour or two. But we have been busy here this afternoon.

Mr. ST. LAURENT: I do not want to do anything which will inconvenience any hon. members; but it was the hope that we would, some time, come to the end of this session, and that this might be an opportune time for clearing off the order paper matters that will have to be dealt with before any arrangements can be made to close the session. If the hon. member wishes to have this deferred until a later hour I have no objection. I was prepared to state what the amendments were.

Mr. STIRLING: Will the minister do so? Will the minister explain what the amendments are and whether the government accepts them in toto?

Mr. ST. LAURENT: The government had decided to accept them in toto. Most of them are amendments which consist of replacing the word "board" by "governor in council" with respect to certain things that could be

done by regulation. There are certain other amendments. One is to provide that, subject to regulations, a person might have in his possession, without its being an offence, foreign currency not exceeding $100. Another is to replace the word "property" by the word "goods" in the section prohibiting exports without a permit. Then there is a provision made by the bill which it was intended to have made by regulation, that the requirements for a permit would not apply to travellers' or tourists' luggage or the things usually carried by persons passing from one side of the border to the border. Another, that subject to regulations, the requirement of being paid by non-residents in foreign currency would not apply to personal or professional services performed in the ordinary course of everyday life by residents of Canada. Another one, to provide that the officers at the border would not be entitled to search a person without going before a magistrate if that person did not wish it done. Then the two most important amendments are: one, that there be a time limit placed upon the duration of the act, namely that it expire sixty days after the opening of the first session of parliament meeting in 1949; the other is the deletion of the provision in the act whereby the Minister of National Revenue might communicate information obtained from income tax returns to the foreign exchange control board. This is something which had been done while the foreign exchange control board operated under the order in council. It proved to be of considerable advantage, and the government felt that it was a provision which was desirable. In the other place a majority came to the conclusion that the inviolability of the secrecy of the income tax returns should not be disturbed even for the purpose of the administration of the foreign exchange control regulations, and the government decided that it would not refuse to accept that amendment and would endeavour to see that the regulations were administered without it, but if it were found between now and the next session that the absence of this provision made it more difficult to track down evasions, a new bill would be brought in asking that the provision be restored.

These are the amendments that have been made.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, if I were asked now, if this came to a vote, I think I would be in the position where I would be bound to vote against this bill as amended by the other place. It seems to me that the most important protection they have given the people of Canada in regard to this bill is to protect evaders of income tax.

[Mr. St. Laurent.]

Personally I do not believe we should support that, but if the government is satisfied with it I will not oppose it.

Mr. ST. LAURENT: May I point out to the hon. member that it is not a prohibition against the foreign exchange control board giving information to the Department of National Revenue in respect of income tax; it is the other way around. The foreign exchange control board will still be able to call to the attention of national revenue any matters which might affect the income of individuals, but will not be able to obtain from the Department of National Revenue information disclosed in income tax returns. It is not quite as serious as perhaps the hon. member felt. But the government still desired to have that provision, because it was a safeguard against evasions of the provisions of the foreign exchange control regulations, and if it is in a position to establish that there is prejudice we shall come back and ask that it be reinserted.

Mr. IRVINE: I just wish to say that I think the amendment which limits the time of the act is even more serious than the point referred to by my hon. friend.

Mr. ST. LAURENT: That is something which can be easily taken care of before the time expires.

Mr. IRVINE: The fact remains the opinion is left abroad in other nations that we may not take care of it. It expires on a certain date, and it may affect the very price of our currency, the thing we are trying to stabilize.

Motion agreed to, amendments read the second time and concurred in, on division.

SPECIAL WAR REVENUE ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. DOUGLAS ABBOTT (Acting Minister of Finance) moved the second reading of and concurrence in amendments made by the senate to bill No. 372, to amend the Special War Revenue Act.

Mr. STIRLING: Will the minister explain the amendments?

Right Hon. L. S. ST. LAURENT (Minister of Justice): There are only two amendments. One is merely a clarification. It adds after the words "dividends" on page 1, line 15, of the bill "paid or credited to policyholders." This is what was intended and it spells it out in terms. The other one is to provide that where the tax is collected on an agreement for the sale of a security or the right to security it will not be paid again when the agreement

is carried out. I do not think it was really necessary in order to avoid duplication of taxation, but there is certainly no objection to having it expressed that there would not be two taxes taken on the same transaction.

Motion agreed to, amendments read the second time and concurred in.

MILITIA PENSION ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. DOUGLAS ABBOTT (Acting Minister of Finance) moved the second reading of and concurrence in amendments made by the senate to bill No. 392, to amend the Militia Pension Act.

He said: These amendments are merely to correct minor drafting points; there are no amendments of substance.

Motion agreed to, amendments read the second time and concurred in.

At six o'clock the house took recess.

After Recess

The house resumed at seven o'clock.

BUSINESS OF THE HOUSE

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): In view of the motion that was adopted at six o'clock with respect to the duration of the intermission, I assume that we shall have the unanimous consent of the house to treat this as the time when private bills and public bills of private members should be called instead of waiting until eight o'clock.

Mr. SPEAKER: The list of public bills having been exhausted the house will revert to its business at six o'clock.

CANADIAN COMMERCIAL CORPORATION

ASSISTANCE IN DEVELOPMENT OF TRADE WITH OTHER COUNTRIES

Right Hon. L. S. ST. LAURENT (Minister of Justice) moved the second reading of and concurrence in amendments made by the senate to bill No. 201, to establish the Canadian Commercial Corporation.

He said: Mr. Speaker, I am moving this motion if I may have the unanimous consent of the house. The amendment consists merely of putting a time limit on the duration of the act. It would, under the amendment, come to an end on the sixtieth day after the opening of the session commencing in 1949 unless it is extended in the meantime.

Mr. HOMUTH: I realize that the Acting Prime Minister cannot tell us how long some hon. members will make speeches on certain subjects. I wonder if, by any arrangement with the whips, he can give us some idea as to when the house will get through. Can he give us some intimation as to what his hopes are at least?

Mr. ST. LAURENT: It is much easier for me to state what my hopes are than to make any prediction as to what the realization will be, but my hopes are that we may finish by twelve o'clock to-night and be able to send the appropriation act over to the other place for consideration. I understand they are meeting at half-past ten in the morning. If that hope were realized we could arrange to have prorogation about half-past eleven.

Mr. GRAYDON: Did I hear the minister aright? Is the senate meeting at ten-thirty o'clock in the morning?

Mr. ST. LAURENT: The senate has arranged to meet at ten-thirty o'clock in the morning and to adjourn on call until such time as this house will have provided it with additional work.

Mr. HOMUTH: Thank you, sir.

Motion agreed to, amendment read the second time and concurred in.

SUPPLY

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

The ACTING CHAIRMAN (Mr. Golding): The committee is considering item 965, loans and investments, Canadian Broadcasting Corporation. Is the committee ready for the question on the amendment?

Mr. BLACKMORE: Not having been a member of the radio committee this year, and having had several other heavy responsibilities to discharge, I have had to depend in large measure on what I have heard on the floor of the house for an understanding of what this is about. I may say at the outset that the bill which the government presented was repugnant to me and, if that bill indicated the general policy that guides the C.B.C., I would say it is cause for considerable alarm throughout the country. However, perhaps it did not exactly represent the government's idea or that of the C.B.C. I should like to ask several pointed questions of the minister

and have his answers to them so that I may be able to form some accurate estimate of just what the C.B.C. is aiming at.

However, before I ask those questions, may I say that I have had great admiration for the C.B.C. ever since it began its activities. I have appreciated the high quality of programme that it has given the Canadian people. I have always felt that the C.B.C. had its place, just as I have felt that the private radio stations had theirs, and I have been of the view that the C.B.C. should keep its hands off private radio stations, leaving them to discharge their responsibility in the country. The evidence which has been presented before the house rather fills me with anxiety lest the C.B.C. is overstepping its bounds. I understand that when a private radio station receives its licence it is taken for granted that every year when it applies for a renewal of that licence it will receive that renewal on condition of good behaviour. I look upon the C.B.C., in reference to this parliament, in very much the same way. When the C.B.C. comes to parliament for grants of money to carry on each year I feel that it should look upon this as an application for the renewal of its licence, and I feel further that it should receive renewal of that licence on condition of good behaviour.

Some of the evidence which has come before us indicates that the C.B.C. has been trying to kick some of the private stations around. If that has occurred, then I believe the C.B.C. should be warned in the matter, advised to reform its ways in the future and given another chance.

In order to satisfy myself, I desire to ask a series of definite questions, for two purposes. First, they will give me an opportunity of learning things about the C.B.C. which I believe every member of the house ought to know and the country has a right to know. Then, it will give the government and the minister representing the C.B.C. a chance to set it right before the country. If there has been misrepresentation, such misrepresentation can be cleared away.

I am sorry I have not a copy of all these questions, but I have a copy of the first nine of them, and I shall send it to the minister so that he will be able to answer the questions one after the other. I should think he would not require a copy of the last ones in order to be able to answer them. I shall send the first ones to the minister, and shall proceed to ask the questions.

Is the government aiming to encourage the development of private radio stations in Canada? I take it, if that is the aim, then the C.B.C. must be aiming to do the same thing. Otherwise I must assume that it is beginning to act as though it were a law unto itself. If that should be shown to be the case, then I would suggest that the situation is not as it should be.

[Mr. Blackmore.]

Is the government endeavouring to give the Canadian people what they want over the radio, or is the government aiming to give what the government, through the C.B.C., wants the Canadian people to hear?

If the government is trying to give the Canadian people what the Canadian people want, what steps has the government taken to make sure that it is doing this?

Is the government aiming to establish and maintain freedom of speech in Canada over the radio?

If so, what steps has the government taken —and when I refer to the government I would presume that we would mean the C.B.C.— to establish and maintain freedom of speech over the radio in Canada?

Does the government believe that the majority of the people in any given area of Canada—say a province, section of a province, an audience listening to a given local radio station—ought to be guaranteed the right to listen to any speaker or programme of the choice of those people in that area?

If so, what steps has the government or the C.B.C. taken to see that this state of affairs is brought about?

What in the minister's opinion ought to be the aim of radio in Canada?—entertainment, culture (literary, dramatic, or musical), education, enlightenment? If there are any others, the minister would be free to specify them.

Has the government provided adequate safeguards to prevent the C.B.C. from (a) impairing the strength and efficiency of private radio stations; (b) destroying the strength and efficiency of private radio stations; (c) destroying freedom of speech over private radio stations? What are the safeguards the government has taken in each of these respects?

From this series of questions dealing with the general attitude of the government and of the C.B.C. which, of course, would constitute their policy in Canada, I pass on to some details. The minister, I thought, resented the statement by the hon. member for Greenwood that, if this item were passed, it would ensure the destruction of private radio stations in Canada. I thought the minister was desirous of rising to refute that statement. I trust he will be able to make a good case in refutation of that charge.

I am now going to ask a number of questions about a particular case, so that the minister may put the facts on the record for all who are interested to read.

These are the questions: Did CFCN, Calgary, 1010 kilocycles, ask permission in 1944 to expand its power to 50,000 watts?

Was CFCN refused permission to increase its output to 50,000 watts?

Who were the men who refused this permission?

Did the C.B.C. seek concurrence of the government in C.B.C.'s decision to refuse?

Did the government concur?

Was the concurrence the result of ministerial decision or departmental decision or cabinet decision? What were the reasons for the decision to deny CFCN the privilege of extending its power to 50,000 watts in 1944?

If the decision was made by the C.B.C. without the concurrence of the government, what were the government's safeguards against preventing the development of private stations, that failed of effectiveness in preventing this unwarranted blocking of the development of the splendid private station known as CFCN? That is, if the government has safeguards to protect private stations, in what respect did the government safeguards prove deficient in this case?

Did the C.B.C. force CFCN to sell $158,473.44 worth of time for $28,680.72? How can the minister justify this action by C.B.C.?

Did C.B.C. on April 18, 1946, notify CFCN that CFCN must give up the CFCN channel of 1010 kilocycles and that CFCN must take the channel of 1060 kilocycles? How can the minister justify this action by the C.B.C.? Will this displacement from the 1010 kilocycle channel to the 1060 kilocycle channel lose for CFCN much of CFCN's financial income because CFCN on the new 1060 kilocycle channel must protect Philadelphia and Mexico, thereby cutting off CFCN from the great bulk of the radio audience in southern Alberta, a relatively thickly populated area and one that CFCN has served and served well for years? How does the minister justify this action of the C.B.C. in weakening the financial position of CFCN a private radio station?

Will this displacement of CFCN from the 1010 kilocycle channel to the 1060 channel lose for CFCN a large portion of its audience, thereby impairing the effectiveness of this efficient private station CFCN? How can the minister justify such action by the C.B.C.?

May I comment here and say that it has been argued that C.B.C. has to take over the CFCN, 1010 kilocycle channel and protect it by raising the power to 50,000 watts to ensure that Canada will have that channel allotted to her at the 1947 international conference. May I point out that CFCN had in 1944 sought to increase the strength or power of CFCN to 50,000 watts and was refused.

To go on with the questions. Is it proposed to establish in Alberta, at Red Deer or thereabouts, a 50,000 watt C.B.C. radio station?

Does the powerful C.B.C. station at Watrous, Saskatchewan, not easily reach all of Alberta from the United States border to a point far north of Edmonton?

What possible justification can there be for establishing a 50,000 watt C.B.C. station in Alberta and taking away from CFCN its 1010 kilocycle channel?

Finally, will not a powerful C.B.C. radio station near Red Deer tend to overwhelm the CFCN station even on 1060 kilocycles?

It will be obvious to all members of the committee that, if the answers to the questions which I have asked pertaining to the way in which C.B.C. has dealt with CFCN are such as I fear they will be, it will be difficult for the C.B.C. to justify itself on the ground of good behaviour. I am giving the C.B.C. an opportunity to explain all these matters through the minister.

May I return now to the questions and ask them one by one, so that the minister can answer, after having had an opportunity to consider them.

An hon. MEMBER: Carried.

Mr. BLACKMORE: Yes, I know you wish it was carried.

An hon. MEMBER: Question.

Mr. BLACKMORE: I do not blame you for questioning it; it is getting pretty hot.

An hon. MEMBER: We want to go home.

Mr. BLACKMORE: I want to go home when the business of this house is finished. I shall ask these questions slowly, so the minister can answer them.

Is the government aiming to encourage the development of private stations in Canada? What would the minister say?

Mr. McCANN: Yes, we are.

Some hon. MEMBERS: Carried.

Mr. BLACKMORE: I am sure the minister would want to have his answers heard.

Mr. McCANN: Yes.

Mr. BLACKMORE: Will the minister answer loudly enough, because others are trying to answer for him. Is the government endeavouring to give the Canadian people what the Canadian people want over the radio?

Mr. McCANN: Yes.

Mr. BLACKMORE: What steps has the government taken to make sure that this is being done?

Mr. McCANN: I do not know that this form of questioning is usual. If the hon. member wishes his questions answered we can answer them without his repeating them the second time. The first question which I have answered is: Is the government endeavouring to give the Canadian people what the Canadian people want over the radio? The answer is, yes.

Next, what measures or steps has the government taken to give the Canadian people what the Canadian people want? They have set up a corporation which is the trustee for the people of Canada as far as radio broadcasting is concerned and have attempted to carry out the wishes of the Canadian people in that regard.

The next was: Does the government mean to establish and maintain freedom of speech in Canada? The answer is, yes.

The next question is: If so, what steps has the government taken?

Mr. BLACKMORE: I should like to have the minister give an answer to the question: What steps has the government taken to bring that about? I wonder if he can tell us what steps the government has in mind whereby it will ask the people in Alberta or western Canada whether they would like to listen to CFCN or C.B.C.?

The ACTING CHAIRMAN (Mr. Golding): The hon. member must not interrupt when the minister has the floor. There is no place for two hon. members to speak at once.

Mr. McCANN: The answer to that question is that C.B.C. keeps in contact with and is informed of what the Canadian public wants with reference to programmes, and tries to meet those conditions.

The hon. member's next question was:

What steps has the government taken to establish and maintain freedom of speech over the radio in Canada?

We are in favour of freedom of speech, but not the abuse of freedom.

The next question was:

Does the government believe that the majority of the people in any given area of Canada—say a province, section of a province, an audience listening to a given local radio station—ought to be guaranteed the right to listen to any speaker or programme of their choice?

There is nothing to interfere with people listening to anything on the radio.

[Mr. Blackmore.]

Another question was:

What steps has the government taken to see that this state of affairs is guaranteed?

The ordinary rights of the ordinary citizen of this country secure that.

The next question was:

What in the minister's opinion ought to be the aim of radio in Canada with respect to entertainment, culture, literary, dramatic or musical, education, enlightment?

The aim of the corporation so far as programmes are concerned is to give a diversified variety of programmes in education, entertainment, newscasts, sports broadcasts, and information. Freedom is given for the discussion, under regulation, of religious, educational and controversial subjects. That is fairly inclusive, but perhaps not all-inclusive of the various types of programmes offered. The corporation is always glad to hear suggestions from people from one end of the country to the other as to the particular types of programme they prefer. The desires and the needs of people in the agricultural areas particularly are met by farm broadcasts. We have also educational and school broadcasts. It is really a waste of time to go over all this, because the radio committee sat for three months; every phase of its activity was gone into, and there has not been one question asked here since this discussion started that was not fully answered and reported in the minutes of the proceedings of the radio committee, so that I consider it is an absolute waste of our time to have a repetition of this type of question at this stage of the session. I fully recognize the right of anybody to ask questions and shall always be ready to give a fair and polite answer, but, under the circumstances, when everything has been done already to lay before parliament and the people all the information sought in answer to every type of question that could be thought of with reference to radio broadcasting, it is only being repetitious to go over these questions again. However, I will finish giving the answers.

The next question was:

Has the government provided adequate safeguards to prevent the C.B.C. from impairing the strength and efficiency of private radio stations?

C.B.C. simply carries out the Radio Broadcasting Act and the regulations under that act which was passed by the parliament of Canada. That act has been reviewed every year for several years past, and one radio committee after another has endorsed the policies which are being carried out by the broadcasting corporation.

The next question:

Did CFCN, Calgary, 1010 kilocycles, ask permission to increase its output to 50,000 watts?

Yes, it did make that request, and it was refused on grounds of general policy, under which private radio stations are not given the right to increase their power to that extent.

The next question was:

Was CFCN refused permission to increase its output to 50,000 watts?

The answer is, yes. The question went on:

Who were the men who refused this permission?

The procedure is that the application is made to the broadcasting corporation, which reviews it and makes a recommendation to the Minister of Transport, who, under the Radiotelegraph Act has the power to issue a licence if recommended.

Next:

Did C.B.C. seek concurrence of the government in C.B.C.'s decision to refuse?

The government does not interfere in the management of C.B.C.

Next:

Did the government concur? Was its concurrence the result of a ministerial decision, a departmental, decision, a cabinet decision?

I have given the answer to that.

Next:

What were the reasons for the decision to deny CFCN the privilege of expanding its power to 50,000 watts?

The reason was the general policy with reference to increasing the power of private stations. The policy follows the recommendations of committees of parliament which have given study to this matter.

Next:

If the decision was made by the C.B.C. without the government's concurrence, what were the government's safeguards against preventing the development of private stations that failed of effectiveness in preventing this unwarranted blocking of the development of the splendid private station known as CFCN?

There is no attempt to interfere with CFCN, except that the frequency it occupies is now to be occupied by C.B.C. itself.

Mr. GRAYDON: That is really the whole point. The minister cannot gloss over it like that. When you take away the frequency of a station you take away its listening audience to a great extent, as the hon. member from Greenwood indicated.

Mr. McCANN: A greater principle is involved there. The airways of this country belong to all of the people of Canada.

Mr. MASSEY: And not to C.B.C.

Mr. McCANN: No. C.B.C. acts as trustees of the airways for the people of Canada.

Mr. MASSEY: Operators.

Mr. McCANN: I for one believe in state-owned, state-operated and state-controlled radio in this country, and that is the policy of the party to which the hon. member belongs, the policy which his party endorsed in 1932.

Mr. MASSEY: No.

Mr. McCANN: Oh, yes. The then prime minister of this country, the leader of my hon. friend's party, brought in a radio act in 1932. Let me read what he said.

Mr. GRAYDON: At least you are going to a good source.

Mr. McCANN: A few days ago when speaking in this house the hon. member for Calgary West decried Mr. Bennett being quoted so often. I do not quote him because he was Mr. Bennett, or because I was on the intimate terms with him claimed by the hon. member for Calgary West. I quote him because he was the leader of a great party in this house, the only one in thirty years who was elected a member, leader of his party and prime minister. That puts him in a position where he may quite properly be quoted. In a speech that he made on May 18, 1932, on the second reading of a bill respecting radio broadcasting Mr. Bennett said, as reported at page 3035 of *Hansard:*

Secondly, no other scheme than that of public ownership can ensure to the people of this country, without regard to class or place, equal enjoyment of the benefits and pleasures of radio broadcasting. Private ownership must necessarily discriminate between densely and sparsely populated areas. This is not a correctable fault in private ownership; it is an inescapable and inherent demerit of that system. It does not seem right that in Canada the towns should be preferred to the countryside or the prosperous communities to those less fortunate. In fact, if no other course were possible, it might be fair to suggest that it should be the other way about. Happily, however, under this system, there is no need for discrimination; all may be served alike. Equality of service is assured by the plan which calls for a chain of high power stations throughout Canada. And furthermore, the particular requirements of any community may be met by the installation of low power stations by means of which local broadcasting service may be obtained.

That speech was made after the policy recommended by the Aird commission had been put into effect. He went on to say:

. . . I cannot think that any government would be warranted in leaving the air to private exploitation and not reserving it for development for the use of the people.

Mr. GRAYDON: That still does not back you up.

Mr. McCANN: Well, I can back myself up after I get through supporting you. The trouble is that the Conservative party show, by their whole attitude toward radio broadcasting, that they have repudiated the policies which were enunciated by a former prime minister and their former leader.

Mr. McLURE: What was your attitude in 1932?

Mr. McCANN: I have heard no announcement from the leader of the Progressive Conservative party with reference to their policy on radio broadcasting, and I suggest to them that they might well haul down their flag and delete from the hyphenated name the word "Progressive", because they are now no longer progressive as far as radio is concerned.

Mr. GRAYDON: That is a good stump speech, anyway.

Mr. McCANN: It is time the hon. member knew something about it.

Mr. MASSEY: Would the minister permit a question?

Mr. McCANN: I would ask the hon. member to wait until I get through answering other questions. I am asked:

Did the C.B.C. force CFCN to sell C.B.C. $158,473.44 worth of time for $28,680.72?

The answer is, no.

Did the C.B.C. on April 18, 1946, notify CFCN that CFCN must give up CFCN's channel of 1010 kilocycles and that CFCN must take the channel 1060 kilocycles?

There is a double answer to that. They were notified that the 1010 frequency would be required, but they were not told they must take 1060. It was suggested to them that 1060 would be available for them as an alternative to the one they now hold, but the matter of another frequency might be canvassed and probably they would be given use of that. That notice was not sent by C.B.C.; it was sent by the Department of Transport.

Will displacement lose much revenue for CFCN?

No, I do not think it should lose any revenue for them. CFCN will still have the greatest coverage of any private station in the west, and should make money.

The hon. member for Lethbridge states how well they can hear the station at Watrous, Saskatchewan. What we want to do for Alberta is exactly the same thing as has been done for Saskatchewan—give them a high-power station which will provide complete coverage of the whole of that province, not only the southern part, but it will be so situated that there will be complete coverage for the whole of Alberta.

Mr. BLACKMORE: Alberta can hear Watrous very clearly.

Mr. McCANN: Not all of it.

Mr. BLACKMORE: North of Edmonton they can hear it.

Mr. McCANN: That is the very reason we are putting in another high-power station in Alberta, namely, that we have had so many complaints from Alberta that, although in the southern portion of the province they can hear the Watrous station, in other parts of it they can not. In addition to that, we want to build up a chain of stations, one in Alberta, one in Manitoba, one in Saskatchewan, two in Ontario, one in Montreal, and the one we have in Sackville, to carry out the policy which was recommended by the Aird commission, the policy which has been endorsed by every radio committee which has sat and made inquiry from that day, to this.

This is not a matter of new policy with reference to the Canadian Broadcasting Corporation. This appropriation, let me say, is not a matter of a gift or a vote; this is a matter of a loan. A loan to whom? To the C.B.C. on behalf of the people of Canada, for whom they are trustees. And I want to tell the committee that we are dealing with people who have on former occasions borrowed money and have paid every cent of it. The C.B.C. does not owe the people of Canada one five-cent piece. We have made loans to them on former occasions and on every occasion that money has been returned.

Mr. CASE: Have they paid any taxes or fees or like charges such as private enterprise pays?

Mr. McCANN: They pay the same taxes as other public bodies do.

Mr. CASE: That is not an answer to the question.

Mr. McCANN: The hon. member himself knows the answer.

Mr. CASE: The answer is that they do not, and they should pay taxes.

Mr. McCANN: What this asks for is a loan, which will be repayable. All these discussions which have taken place upon the supplementary estimates might well have taken place had we gone ahead with the bill which was proposed and came to second reading. That bill was not dropped because

we have changed any policy; this method was taken of securing the money with a view to expediting the work of the session, and we thought it would probably take a good deal less time than if the bill were discussed in every detail.

I think we should proceed to pass this item and get on with the rest of the business of the house. I should like, if opportunity permitted, to review what has been done by the Canadian Broadcasting Corporation, but I feel that we are on eminently safe ground and that we have the support of the great majority of the people of this country in carrying out the policies of a great nationally owned, controlled and operated radio system.

Mr. BLACKMORE: I appreciate very much the answers the minister has given. They are straightforward, and they give the point of view which obviously is actuating the minister and the C.B.C. The one great inconsistency lies in this fact. When I asked the minister if he favoured the development of private radio stations he said, yes.

Mr. McCANN: Yes, so I do.

Mr. BLACKMORE: Then he immediately sanctioned a policy which will result in the serious impairment, if not the ultimate destruction of CFCN.

An hon. MEMBER: That is a matter of opinion.

Mr. BLACKMORE: That is something which needs explaining. I will leave it to those who read *Hansard* and to the members of the committee to judge. The mere fact that statements were made in forecasts by the leader of the Conservatives back in 1932 which would seem to justify the policy that C.B.C. is following does not, in my judgment, establish the soundness of that policy.

There are one or two matters to which I wish to refer. I asked the minister if C.B.C. had forced CFCN to sell $158,473.44 worth of time for $28,680.72. The minister said, "The answer is, no". May I read from the minutes of the hearings of the radio committee, at page 566, where Mr. Love is giving evidence for CFCN. At the end of the third paragraph, about one-fifth of the way from the bottom of the page, he says:

> In addition non-obligatory sustaining programmes carried by our station for the C.B.C., day and night, last year, if computed at our lowest rate, would amount to $61,800. Add to this the value of the commercial time used by the network for their commercials of $57,361.44 and it makes a grand total of $158,473.44. We received from the C.B.C. a total of $28,680.72, one-half of the commercial sponsors' money received by them.

That was the basis of my question. I leave it to the committee.

Now, as to the question whether the CFCN station will lose by the change-over, the minister expresses the opinion that it would not. That is certainly not what the manager of CFCN himself thinks about the matter, because he points out what the members of the committee will readily understand. CFCN is situated in Calgary. South of Calgary is the city of Lethbridge and a great number of small towns and Medicine Hat. CFCN has been serving these communities for many years. If CFCN is to screen its broadcasts in such a way as to protect Mexico and Philadelphia it has to screen out, according to my information, all these communities south of Calgary, which means that a large percentage of these towns will be lost. If I am correctly informed, that means that it would be less remunerative for CFCN to sell its advertising, because the rate at which people pay for advertising depends upon the listening audience. It may be argued that CFCN will not lose heavily financially by the change-over. I cannot say. The minister thinks it will not. The minister said that CFCN was offered a channel other than 1060. So far as I have gone into the records of the radio investigation, no mention was made of any other channel than 1060. If there were any other channel which has not the disadvantages which accrue to 1060 I would be reassured.

I have one or two other points. I could read a considerable section of the report of the committee, but I do not think I had better do that. In my judgment, the one important point that we have to determine is whether or not private radio stations are to be given the right to develop and make their contribution to this nation's thinking, its education and development, or whether they are to be submerged and reduced to relative colourlessness and ineffectiveness by the overriding C.B.C. If more stations like Watrous are to be established in every portion of Canada, then I would venture the supposition that in about fifteen years private radio stations will simply disappear. In other words, the move is one which will ultimately result in the strangulation of private radio stations, not necessarily because the C.B.C. will deliberately destroy them, but it will simply come in and take their business and allow them to die. That is quite evident from the answers which have been given to my questions.

I am not satisfied with the situation. Something better should be offered to the private radio stations. The fact that station CFCN was a pioneer, that it served the people of

southern Alberta admirably for many years, and that to-day that radio station serves the people admirably, that the people of all over southern Alberta, so far as I know, are strongly attached to the station and would prefer to hear it rather than to listen to the C.B.C. programmes, makes it a serious matter for the C.B.C. to take any action whatsoever which will result in the impairment of that splendid radio station.

The ACTING CHAIRMAN (Mr. Golding): We have an amendment before the committee. I am not sure whether it has been moved. It was moved by the hon. member for St. Paul's:

That vote 965 for the Canadian Broadcasting Corporation be reduced to one dollar.

Is the committee ready for the question?

Mr. MACDONNELL (Muskoka-Ontario): No. I am conscious that no one would willingly take on this task at this time. I know the committee is tired and all that sort of thing.

Mr. CRUICKSHANK: Take plenty of time.

An hon. MEMBER: It is going to snow.

Mr. MACDONNELL (Muskoka-Ontario): The reason I am taking the time of the committee on this matter is very simple. I believe that, while nominally passing merely this item, what we are really doing is what the minister really indicated a moment or two ago. We are really settling an important question which is going to be irrevocably settled.

I want to say one thing, first, because of something that happened earlier in the day. I am far from criticizing the C.B.C. I wish to say this in particular—I do not think the hon. member for Waterloo South intended to suggest that the C.B.C. had dealt unfairly with our meeting. Sometimes he and I are a little prejudiced against the Liberals, and it may be that he suggested that the prejudice carried over. I wanted to say that in the presence of the officials of the C.B.C.

I now come back to what I intended to say. A bill came before the house which was discussed. There were only two speeches made on the other side about it. One was dead against it. The hon. member for Winnipeg South Centre to-day suggested that most of the things in the bill were better left over for consideration later, with which I fully agree. Yet we are asked to take action here which, I submit, will really make the other points largely meaningless, because of the action which we are asked to take here. I submit this in spite of what the minister said about their wanting to encourage private radio. The important thing is not what people say but what they do. I believe that it has been established in this committee to my satisfaction—and no satisfactory answer has been given—that this action will have the effect of destroying or at any rate so crippling as virtually to destroy these companies in question.

I want to go back to what the minister said about what was said previously in the house by a previous leader of this party. I am not afraid of it; I do not want to run away from it. Conditions often change. I submit that never in the history of the world have conditions changed as much as in the last fifteen years. I submit, further, that if you take the words of Viscount Bennett they make it perfectly clear what he was talking about was not the situation we have now, because he was talking about "leaving the air to private enterprise." That is what he was complaining about. But nobody to-day is suggesting that. What we are suggesting is that this house should take time before it irrevocably closes the door on a policy which was so well established on other occasions, notably in regard to the railways. In the railways we have two enterprises: the great public enterprise and the great private enterprise. I would think what they have done is a pretty good way to combine public and private enterprise.

Let me say again that I believe there are hon. gentlemen opposite who feel as I do, not including the minister because he plainly and clearly said what was to be his policy. He said he was for state control, and I assume he means right across the board. It is fit and proper for the minister to say that. That makes it perfectly clear that what we are doing is not passing an item; we are deciding a principle finally and irrevocably. I believe that there are hon. gentlemen opposite who feel as I do. They do not want this thing irrevocably decided. I think I am safe in challenging them and asking them to rise in their places and say they believe that. I think I can pretty nearly dare most of them except the minister. His statement was plainly and honestly given, for which I respect him.

I wish to recall the situation which we have before us. It is not disputed that if we take this action it will result in the emasculation and virtual destruction of these stations. There are usually two reasons for mulcting or destroying or hampering private enterprise. One is that it is in danger of becoming a monopoly. That suggestion was made to-day—I forget by whom—and it seemed to me at the time that we might be saved from that kind of argument when we are having a serious discussion. The question is not whether private enterprise can create a monopoly; the real question is whether it can stay in the picture at all. The second

reason given for mulcting private enterprise is usually that it has been doing a bad job, that it has not been serving the interests of the public and that the public do not want it. I want to bring to the attention of the committee—and I know perfectly well there are hon. gentlemen opposite who agree with me—certain evidence given by Mr. Porter of Calgary, statements from farm organizations in Alberta. There is a long telegram, which I will not read, from the western stock growers association, but there is a short one from the Alberta farmers' union, comprising twenty thousand members. I quote:

> This will give you permission to act in our behalf. Add the Alberta farmers' union to the brief presented to the radio committee tomorrow. Give you our moral support to establish a fifty thousand watt station in Alberta to be controlled by the people.

That is interesting, that we can get that in support of the application made by this private station in Alberta. I shall have some words to say about that.

Mr. KNIGHT: Was the suggestion made that this station should be owned and operated by these farm organizations or by the so-called people, or was it not a regular joint stock corporation?

Mr. MACDONNELL (Muskoka-Ontario): I think it was a company, but they established close contact with the farm organizations and are working in happy relationship together, and this telgram speaks for itself. There is a longer one which I will not read. I will spare the committee that one because the time is late. I said that the reason I am arguing in this way is that this is not simply a matter of passing an item; it is a question of settling a great principle.

I should like to come back to the debate of a week ago, and notwithstanding what the minister said, I suggest that no one in the house, when that debate was going on, could fail to sense that there was a feeling in the house against what was being done. The strongest speech made against the bill was made by the hon. member for New Westminster. He was attacking the power being given the corporation to act as judge and jury, as well as plaintiff and policeman. Further, I come back to the speech of the hon. member for Winnipeg South Centre today. He argued, I thought wisely, that in several of these instances we should delay, because delay would not hurt, and we could look at the matter in a wiser and more temperate way if we delayed it than we can at the present moment.

Let me point out the alternative. These private enterprises are hampered. The field is left open for the C.B.C. As the hon. member for Greenwood said this afternoon, they are to occupy the field "totally, completely, finally and absolutely"; and someone else—I have forgotten who it was—said that they wanted "to have the whole pie". I contend that nothing can be injured if this matter is allowed to stand. Let me refer to what the hon. member for Calgary West said, namely, that nothing could be hurt until next January, that you have things on order now and cannot get them until then.

There is no reason why this important principle cannot stand until then, and as a matter of fact, if there were urgency, which there is not—the minister made that clear—we have until 1949. If there were any urgency, the private stations are on record as saying that they would go ahead and build, and, heaven knows, we have enough power to expropriate later, if necessary.

I wish now to come to another matter which has been lightly considered here, lightly considered by the minister, and rather scoffed at by the member for Cariboo. Indeed, I was amazed at the attitude he took. I refer to the question of concentration of power. There seems to be an idea abroad that because power is in government hands it can never be abused. Twenty years ago that idea might have had currency; it might have been excusable. But how anyone can have such an idea in the world that we have lived in during the last fifteen years or so is something that I cannot understand. Yet steps are being taken to put this instrument of propaganda in one hand. The hon. member for Cariboo took the view, it seemed to me, that because it was under government control no harm could be done, but none of us believes that. We have all seen that harm can be done.

Mr. GILLIS: That will be only because the members of this house default.

Mr. MACDONNELL (Muskoka-Ontario): Oh, no. Let me develop my argument. May I give an illustration from a socialist paper in England, discussing an incident that occurred on the B.B.C. I gave this illustration last week.

Mr. GILLIS: *The Economist* is not a socialist paper.

Mr. MACDONNELL (Muskoka-Ontario): The item to which I refer did not appear in *The Economist,* but in *The New Statesman,* and that is as socialist as any you will find.

Mr. GILLIS: I am sorry. I thought you were quoting *The Economist.*

Mr. MACDONNELL (Muskoka-Ontario): No; I try to be accurate in what I say. I know *The Economist* is not socialist, but I am speaking of *The New Statesman,* and that is socialist. A writer in that journal referred to a certain decision made by the B.B.C. to keep a certain man off the air, for reasons which I will not go into.

Mr. GILLIS: You are not quoting the article. If you are going to quote it put it on the record. You are only commenting on it.

Mr. MACDONNELL (Muskoka-Ontario): I will quote the part which I wish to quote. The hon. member can check it up in *Hansard* of last Saturday. The writer, commenting on the incident in question, made this statement:

I believe in competition in the things of the mind.

I believe those are the right words. At any rate, the hon. gentleman can find the quotation given accurately last week.

Mr. GILLIS: Is that an editorial opinion?

Mr. MACDONNELL (Muskoka-Ontario): This writer said, "I believe in competition in the things of the mind." That was in a column which appears regularly, and to the best of my belief it represents the views of *The New Statesman.* There is nothing to indicate that it does not, and I explained all that on Saturday last. By that statement, I take it, they meant that it was desirable that no one body should have complete and exclusive access to means of propaganda which has such unbounded powers as the air now has. To me, the argument that is stronger than any other is that so expressed by this writer. To quote what was said fifteen years ago, in the light of all that has happened in the intervening years, is simply meaningless, because, I suggest, the argument which I have just quoted, in the words of that writer in *The New Statesman,* far outweighs all the others. That is the strongest argument in my opinion for accepting the suggestion of the hon. member for Winnipeg South Centre and allowing the matter to stand along with the other items in the bill until we can deal with them all together next session.

What is the reason for the urgency? I cannot find anything in all this debate that indicates any urgency. I have already indicated the suggestion of the hon. member for Calgary West that the matter should stand until next session. I do not believe there is any difficulty in the way of that proposal. If work needs to be begun—

[Mr. Gillis.]

Mr. McCANN: May I interrupt the hon. gentleman to say that there is great difficulty, because equipment is ordered and will be here this fall.

Mr. MACDONNELL (Muskoka-Ontario): I am surprised that the minister should say that, because apparently the hon. member for Calgary West had an entirely different idea, and I assume he did not get it out of the air. He says:

You have already your material on order for the stations you intend to build. You know you cannot get it yet, but the time will come when this material can be obtained. So why not let this matter rest? Remember that all the Alberta members—I am glad the Minister of Trade and Commerce (Mr. MacKinnon) is not here because he might not concur—at all events, all of us who are here will agree that we do not want this thing.

But if that is not so, and there is danger of time being lost, the private stations say they will do it and, as I said, you have plenty of power over them, so you need not be afraid.

I am going to tell the committee what I think is the real reason for this, and this is a reason which I submit most earnestly to hon. members. I think the reason is—and I say this with all due respect to the C.B.C.—that the C.B.C. feel that now is the time to get this power, and they do not want to delay. They do not want to run the risk of any further consideration, and perhaps by next session a different view arising, a view whereby perhaps we would decide that radio should be put in the same position as the railways, and that we should have two great institutions—which I think we should have—one national institution and one private institution.

At any rate, all I am asking is that we should use our time to look at this, and that we should not, in the dying moments of this session, and under the guise of voting an amount of money—take a step which will be irrevocable and which is so unfair to radio.

So I say again—and I am pleading as earnestly as I can—that no harm will come, and that if we debate this matter next January or February and reach the conclusion that we should follow the minister's advice and have state-operated, state-owned and state-controlled radio, then it will be all right with me. If that is decided by parliament, then I shall abide by it.

But what I point out is that if we are to decide on a vote to-night we shall come together next session and begin to talk about this, but by that time the private stations will be down the drain; the C.B.C. will have gone ahead, and everyone will say, "Oh, what's the use; it is all done? You are talking about water that has gone over the dam."

So I say, do not let us do this; there is no need of doing it. There is no emergency. It should be left to rest now, and the whole thing can be considered next session.

Mr. HANSELL: I wish to ask the minister a question with respect to the matter of time. Do I understand that a meeting was held in Washington—I believe it was in February of this year—in which the terms of the Havana agreement were extended until 1949? Is it not so that there was an interim agreement drawn up extending those terms? If that is so, why does the minister claim that they must start work on this by 1947, when we have until 1949 to do it?

If he persists in saying that they must start work in 1947, would he kindly tell me the article in the agreement which so states? I am not talking about the Havana agreement, but rather about the interim agreement drawn up in Washington last February.

While he is looking up that information, I should like to say one further word. This afternoon the hon. member for Cariboo delivered what I would call a colourful speech. I am not going to answer it—not because it is unanswerable. I will say only that he certainly is a past master at twisting that which other people say to suit his own argument. I shall leave it at that. I shall leave his speech and my speech on the record. I will leave it with people in Canada who know radio from the ground up; I will ask them to read those two speeches and I am willing to rest my case with those who know.

Mr. McCANN: The Havana agreement has been extended to 1949; but it is on the understanding that the channels which are given to Canada shall be occupied and completed by 1947.

Mr. HANSELL: My answer to that is that the channels are occupied now. I want to know what clause in the interim agreement says that the work must be started on them by 1947.

The CHAIRMAN: Is the committee ready for the question?

Mr. BRACKEN: No.

Mr. ROSS (St. Paul's): I have one word to say. I do not wish to hold up the committee, but I would repeat that I see great danger in the monopolistic control we have at the present time. If we vote this money we shall make it worse. Not only that, but the situation to-day is detrimental to the future of radio.

We have, for instance, the matter of television; no one can get a licence for television. We have facsimile, but no one can get a licence for facsimile. There are other enterprises going on, but no one can get licences for them.

It is just the same old story. Perhaps hon. members have heard about the dog in the manger. Well, he is here. The old dog in the manger sits over there. He will not let you do anything; that is that. That is the C.B.C. at the present time. I feel strongly about this matter, or I would not have moved the amendment.

Mr. HOWE: Don't cry about it.

Mr. ROSS (St. Paul's): Let them talk as they like; but there are many in the House of Commons who do not know anything about broadcasting. We see private enterprise willing and ready to go ahead with the development of radio for Canada; on the other hand, we see the Canadian Broadcasting Corporation jealous of its position. And the reason they are jealous is that the government of the day wants to keep controls for itself. I hope every hon. member who believes in free enterprise will vote for my amendment.

Some hon. MEMBERS: Question.

Mr. CASE: Don't be in too big a hurry. After all, I think we are all anxious to conclude the session. This is an item of considerable magnitude and the results would be far-reaching. As the hon. member for Muskoka-Ontario has said, we are really determining policy; I believe that was admitted by the minister.

He has quoted from Viscount Bennett. I can say that I happened to be in a position where I was not a follower of Mr. Bennett, so that I do not necessarily approve what the minister has read. I am one of the newcomers to the Progressive Conservative party—

Mr. ABBOTT: Whom did you follow then?

Mr. CASE: I am over here as a matter of conviction. I certainly am not prepared to join with the minister when he suggests that we should remove the word "Progressive" from the name of our party. I believe all and sundry in Canada will recognize that we have progressive ideas. Among them is a means whereby we can preserve that one great measure of efficiency, and that is the old law of competition.

I am going to be brief, and say this—

Mr. ABBOTT: Take your time.

Mr. CASE: I thank the minister. I am glad I have his support.

I believe that the only method by which we can measure the standard of efficiency is

by competition. As the hon. member for Muskoka-Ontario has said, that applies to our railroads. I suppose I might be in the wrong if I attempted to apply that yardstick in a limited way to the present administration of the C.B.C. I know that, according to the record, they are losing money. They receive all the licence fees and the licence fees from the private stations and they are still unable to make ends meet. I hope we shall have some regard for the future and make it possible that there will be paralleling this great government system a private chain of systems, so that we can vie with our neighbours to the south where they have more than one network, all privately owned and, as far as I know, all making money. Why is it that, once you introduce government ownership into anything, you seem to lose that standard of efficiency? I do not say that unkindly, because it may be that more is expected or that people lean too much on it.

I am opposed to monopoly of any kind and I have heard a lot about monopolies from my hon. friends to my left, the C.C.F. socialists. I am more unalterably opposed to a state monopoly than a monopoly of any other type. I say to hon. members opposite that the day may come when they will remember my words. Some day we may be occupying the treasury benches and then they will say that we are using the radio as a propaganda machine. That is what it has developed into at the present time, and I say that advisedly and sincerely. I do not know whether it is because of any sense of direction, but those who are in the driver's seat at the present time are certainly those who understand propaganda better than we who are sitting opposite.

I felt that I should make my position clear on this important item, and I join with the hon. member for Muskoka-Ontario in appealing to the minister to lay this to one side until we can deal with the whole bill and accept the consequences in the session of next year.

Mr. JAQUES: I assure hon. members that I am just as anxious to get home as they are and I have a much greater distance to travel. When I left the house this evening what did I see? Right across the front page of the evening paper were these words, "House voting millions in rush to close." That sounds very well to the public, I should think, especially since we have voted ourselves an extra $2,000 a year so that we can carry out our duties. It would be interesting to have a vote to-night to see how many hon. members have gone home.

I put it to this committee and I should like to put it to the people outside whether it is fair to bring in a motion like this in the last day of the session. Those people who feel very strongly about it are shut off, because the incessant cry is "carried". That is the atmosphere of this house.

An hon. MEMBER: No.

Mr. JAQUES: Yes, it is. I have listened carefully to this debate, but I have not heard one argument to show that there should be government control of radio any more than government control of the press. Reference was made this afternoon to an alleged attempt by the Alberta government to control the press. There was an immediate outcry from the very people who are now clamouring to have monopoly of the radio. What was the proposal of the Alberta government? Without going into details, it was simply that the government should reserve one corner, less than one-half of one per cent if I remember correctly, of the space in order to make sure that their statements appeared as they were made. The press could then have all the rest of the paper to tear them to pieces, but the government wanted their statements shown correctly. That was the so-called control of the press and there was an outcry from one end of Canada to the other.

Here is an item which proposes a complete government monopoly of radio. That includes news, but news is the least part of it. The part I object to is that the government—I do not know what the government is these days as a matter of fact—is to have a monopoly, not just over giving out the news, which they cannot alter if they stick to the truth, but of interpreting the news and moulding public opinion. That is what I object to. If I could stop it by staying here until Christmas I would do so.

It has been said that this is a Conservative motion. I have no objection to the C.B.C. as a regulating body.

Mr. CRUICKSHANK: C.B.C. or C.C.F.?

Mr. JAQUES: Both. What I do object to is that, if this goes through, it will be not only a regulating body but a controlling body, and I know very well where the control will come from. The other day I mentioned General Chisholm who, I understand, has a good international job.

Mr. CRUICKSHANK: What did he say about Santa Claus?

Mr. JAQUES: The remark I made about General Chisholm was that, if he had mentioned the passover instead of Christmas, he would not have got the job. I leave it to the committee to interpret what I mean. I have had a number of abusive letters from the supporters of General Chisholm, and who are they?

Mr. CRUICKSHANK: Read a couple.

Mr. JAQUES: Every one of them is a communist. Don't forget that the Labour Progressive—

The CHAIRMAN: I think the hon. member is getting away from the item under discussion.

Mr. JAQUES: I am sticking to it. My point is that the Labour Progressives supported the government in the election of a year ago. They are behind the radio bill too. Another defender of the radio bill this afternoon mentioned a shotgun and said that people would not take away your shotgun until you started to use it. He missed the point. There is no objection to the shotgun because everybody can see it.

Mr. CRUICKSHANK: Fathers use a shotgun sometimes.

Some hon. MEMBERS: Carried.

Mr. JAQUES: If this were the flag question we should hear plenty from the other side of the house, and I would have a great deal more respect for the views of those in that corner of the house on the flag if they would only think more of Canada and not be so willing to hand it over to international control.

The CHAIRMAN: Order. There are so many members interrupting that I can hardly blame the hon. member for digressing, but I would ask hon. members not to interrupt and the hon. member who has the floor to confine his remarks to the vote.

Mr. JAQUES: I will if hon. members will confine their remarks to themselves.

Yesterday the empire's greatest soldier made the statement that the country's first defence was a strong national feeling. That is the truth. But if anyone can tell me that the C.B.C. stands for nationalism, then all I can say is that I have not heard what they said. If there is one thing that the Canadian people are being taught by the commentators of the C.B.C. it is that nationalism is isolationism, or fascism, and that we have all to be internationalists.

I am going to ask a question. I have asked it several times. Why is the communist Labour Progressive party, which has not a single member in this house and is not represented, so far as I know, in any provincial legislature, given the same amount of time over the air as the Social Credit party? That is what I want to know.

An hon. MEMBER: It is a good question.

Mr. JAQUES: Yes; why is it? Until that question is answered, and so long as the time given to the Labour Progressives is as much as that given to the Social Credit party, I am going to oppose the C.B.C. in every way I can.

Mr. MICHAUD: You said that before.

Mr. JAQUES: Yes, and I will say it again. I would make this suggestion to the C.B.C. Instead of building more high-powered stations—I have heard hon. members speak about radio in Alberta, where I have lived right in the centre of the province since 1901, and so far as I know Alberta is very well covered by radio to-day; I have heard of no demand for a great big station to be built out there by C.B.C., because we have all the radio we need—I would suggest, if C.B.C. has money to spend that it make a beginning on building a first-class symphony orchestra. The B.B.C. has one, and of course there are symphony orchestras on all the big networks in the United States. Why should we not have one? We have plenty of talent, and whatever may be the opinion of some members I think that good symphony orchestra music is a great deal better and more intelligible and more wholesome, if you like, than crooning and jazz. I hope the minister will take a note of my suggestion that the C.B.C. make a start in building up a first-class symphony orchestra. It could give concerts in our various cities and also broadcast, so that people would have the advantage and pleasure of hearing really great music played in a really great way.

Mr. CRUICKSHANK: The train does not leave until 11.45 p.m.

Mr. KUHL: Don't miss it.

Mr. JAQUES: I have had to raise my voice more than I like to. I do not want to take up any more of the time of the committee. I agree with the hon. member for Muskoka-Ontario that this radio vote stand until we come beck next session. No harm would be done. In the meantime we can think the matter over and be in a position to have a proper discussion when we come back next year. I do not like speaking at this stage; yet I cannot avoid doing so. I could not go home with any satisfaction if I did not

do it. I hope that the committee will allow this item to stand until January or when the house next meets.

Mr. MacINNIS: Mr. Chairman, I rise to speak solely because I believe in competition. We have had competition here since early this morning between those who favour government ownership of radio broadcasting and those who are opposed to it. That is the issue which is involved. I am one of those who favour government ownership.

An hon. MEMBER: How about monopoly?

Mr. MacINNIS: I am not masquerading in false colours. I am opposed to competition just as my hon. friends say they are opposed to monopoly. As a matter of fact no one is in favour of competition.

An hon. MEMBER: No?

Mr. MacINNIS: No. No one is in favour of competition. You may favour competition in the abstract, but the moment you begin to do something for yourself you want a monopoly. Is the C.P.R. in favour of competition? Does any business in Canada favour competition? It is in favour of competition in other fields but not in favour of competition in its own field. It is all tommyrot to say you favour competition—

Mr. KUHL: Your argument is tommyrot.

Mr. MacINNIS: You haven't brains enough to understand it.

An hon. MEMBER: That's the boy.

Mr. MacINNIS: This is the kind of argument that we have here. The hon. member for Wetaskiwin said he was opposed to the C.B.C., and would oppose it at every opportunity—

Mr. JAQUES: It is a monopoly.

Mr. MacINNIS: —and the very next moment he said, why not leave this over until next January when we come here? He would be opposed to it next January. I am as anxious as anyone to go home. I have a nice home which I have not seen lately; I have been away from this house only three days since we met here on March 14. But I say this to the government, let them resolve that they are going to deal with this matter however long it takes, and that we shall stay here until we deal with it, and not try to get these things done in a hurry and be stampeded into doing something which we do not approve. As I said, I am as anxious as any other member of this house to get home, but I am prepared to stay here until we finish our business in an orderly fashion. There is no substance in the argument to leave the matter over until next session. The people who oppose it now will oppose it next session, so that if we are going to debate it, let us have a full debate on it, with those who favour government ownership taking their share, as well as those who are opposed. In my opinion we have a much better case.

Mr. FERGUSON: When I hear the unnecessary noise and shouting from other quarters of this chamber, I can hardly believe that a matter affecting $2 million of the public's money is under discussion. I remind hon. members that this is a serious problem; it is not in the main their money, they are only small contributors to the $2 million involved. They are treating this matter as though they had nothing to do with it, but they are supporters of the government, and should not forget that the government in power is the only means through which this $2 million of the taxpayers' money can be spent, and the government insists on rushing this through, although we have asked that it be put over. It is verging on—

An hon. MEMBER: A filibuster.

Mr. FERGUSON: Liberalism, communism, nazism—

An hon. MEMBER: Toryism.

Mr. FERGUSON: —all these isms which depend on government control. Let me remind my French-Canadian friends of this house, who are giving wonderful support against communism in Canada, that this is a direct step toward communism. The government benches to-night are treating in the most flippant manner a huge expenditure to do away with private and public corporations and replace them by government rule. That is the first and decisive step on the direct road to communism.

Mr. WHITMAN: Approved by a viscount.

Mr. FERGUSON: Mark well when you read the daily paper to-day of the objections by Russia to the great United States sending a battleship to a port in Greece on a friendly visit.

An hon. MEMBER: What has that to do with radio?

Mr. FERGUSON: In a few years this country may be in the same position as Russia is in, ruled by a regime of public ownership, of communism, with a government in power using this vital and powerful instrument of radio to control this country, and the very people who are footing this bill of $2 million will have nothing to say about it, because the way this government is headed it will control Canada by radio.

Some hon. MEMBERS: Oh, oh.

Mr. FERGUSON: Hon. members on the government benches should remember that people in the visitors' gallery of this house do not come here to hear them laugh and treat lightly the expenditure of $2 million of their money.

Some hon. MEMBERS: Carried.

Mr. McLURE: No; it is not carried.

Mr. CRUICKSHANK: Let us build the ferry or the tunnel or whatever they want, and get on with the business of the house.

Mr. LENNARD: If you are going to adopt that attitude we won't wind up as soon as you and I might want to.

Mr. McLURE: The government is asking this committee to make an investment in a kind of crown corporation. In other words, it is asking this committee to give dictatorial powers to a corporation in order that it may eventually push private enterprise in radio out into the deep. I was not a member of the radio committee, but I had the privilege of reading the evidence produced before that committee. Now, in this item presented to this committee we have this government anxious to put this vote through the house in the dying days of the session, and without due consideration.

In this item the government want to lend to or invest with the Canadian Broadcasting Corporation $2 million, to give the C.B.C. the most high-handed power that can be given to any company, namely to have an exclusive monopoly of broadcasting.

The introduction of the item before the committee shows plainly that the government is lavishly buying its way into socialism, and doing so with the taxpayers' money. The Canadian people have little conception of the extent to which this government used the radio to mould public opinion during the last seven years. During that time they had a stranglehold on this great medium of propaganda. I admit that there is a definite place in this country for a national system of broadcasting.

Mr. CRUICKSHANK: What are you quoting from?

Mr. McLURE: If the hon. member would only stand up and look at himself he would not have very much to say.

Mr. CRUICKSHANK: You don't know him.

Mr. McLURE: But there is also a definite place for the privately owned station. In a country such as ours, a country of freedom of speech, it would not be well to have our air channels entirely taken over by a government radio monopoly. Canada's well-being and enterprises spring from the private enterprise system and not from bureaucratic fiddlers. Instead of improving by assisting our present system of broadcasting, the government proposes to unloose further hoards of business-baiting bureaucrats who stifle rather than assist the efforts of thrifty and industrious citizens to improve the material well-being of Canada.

In the light of demonstrated records of failure of experiments in this country in the direction of the totalitarian procedure, it is to be hoped that this committee will insist on a restoration of the people's own freedom of action and the right of private enterprise to get the green light. In my opinion it would be much better to grant some ray of hope to that hard-working group of patriotic citizens who comprise the membership of the Canadian association of broadcasters from coast to coast. I understand that the Canadian association of broadcasters this year asked for a simple amendment to the Canadian Broadcasting Act of 1936, namely, for an appeal court before which they could appear when they might have any grievance against the rulings of their big government competitor, the C.B.C. This was flatly refused.

There is much more I should like to bring before the committee with regard to this item, but I am not going to delay the committee. Let me say that the whole situation is so ridiculous that I cannot comprehend that this committee, supposedly representing the people of a democratic country, will concur in the vote; therefore I am opposed to it.

Amendment (Mr. Ross, St. Paul's) negatived.

Item agreed to, on division.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

General—National film board, including the motion picture bureau—

246. Production and distribution of films and other visual materials, $860,000.

Mr. MACDONNELL (Muskoka-Ontario): I wish to make one comment on this item. I am in favour of this vote; I am in favour of the film board; I am in favour of the work they do. I want to make this request, that the department should seriously consider whether the film board cannot be made a much more self-sustaining organization; whether it cannot get its affairs on a much more businesslike basis, and whether when they come back a year from now with an item in next year's estimates it cannot have been advanced a considerable extent.

Mr. BRYCE: I wish to ask the minister a question about the franchises which the film board issue to different people in the country. I am talking about a section of my own constituency, namely, the district of Stonewall. In this district they have given the franchise to the gentleman who runs the theatre in Stonewall, and the ladies' organizations and the farm organizations cannot participate in the benefits of the film board films. I have taken this matter up with the minister and nothing has been done about it. I want to see something done about it, so that these organizations can have the use of the films which are produced by the film board. I do not mean the "March of Time", or any of these other films that are shown in the picture theatres. I am speaking of the films which are of an educational nature, films on health and that sort of thing which are suitable for farm folks.

Hon. J. J. McCANN (Acting Minister of National Health and Welfare): The wrong item was called. We shall have the film board estimates after these. We want to deal with the health side first.

Item stands.

Welfare branch—

799. Old age pensions (including pensions to the blind)—administration—further amount required, $6,285.

Mr. NICHOLSON: Will the minister make a statement on government policy regarding what has developed since the old age pension item was before the house the last time. Hon. members will recall that the collapse of the dominion-provincial conference made it impossible for arrangements to be worked out in detail so that pensions could be made available at an earlier age and in a more generous amount. At that time the minister was not in a position to indicate just what the future plans of the government might be. Several weeks have passed since the matter was before the house. Can the minister indicate just what has to be done to make it possible for the people in the old age pension bracket to meet the rising costs of living which are prevalent all across the country?

Mr. McCANN: I might explain that this additional amount of $6,000 odd is required to pay the travelling expenses of the members of the inter-provincial body in connection with a meeting arranged for September, 1946, estimated at $4,000; also to provide an additional amount of $2,000 to pay travelling expenses of the members of the old age pensions division in connection with the examination of provincial old age pension records. There has been a considerable increase in the number of new cases, and, in addition, increases as a result of orders in council passed under the authority of the War Measures Act. The increases are shown by the following items.

With reference to the question by the hon. gentleman which was what arrangements have been made so far as the old age pensions go to meet the increased cost of living, I cannot give him a positive answer, but I shall bring the matter to the attention of the officials. I am taking these estimates only in the absence of the Minister of National Health and Welfare.

Mr. REID: At this late hour I am reluctant to bring any special case before the committee, but since there is not any likelihood of a dominion-provincial conference being called at this late hour, I say that a definite change is required in the old age pension regulations, particularly in the light of a case which came to my attention just a few days ago. This is the case of a man eighty-two years of age who went to visit his daughter in the United States, and an irresponsible driver of a car hit him on one of the streets in a city of that country and fractured his skull. He was taken to a hospital. After being in the hospital for sixty days, the doctor advised him that he had better stay in the home of his daughter and not return home. Lo and behold! on his return home he found that he could not get old age pension because he had been outside the country a certain number of days. Here is a man who has been in the country since 1885. He decides to visit his daughter and, through no fault of his own, he meets with an accident. Copies of the certificates were sent to him and also a copy of the ruling of the board in Vancouver which tells him that, according to the regulations of the Old Age Pensions Act, he cannot come under the provisions of that act until June, 1948. Since he is now eighty-three, he has a slim chance of ever getting the old age pension, because he has passed the allotted span by some years. I suggest to the minister that he take note of the case and, when the provinces meet with the dominion, regulations of this kind be amended. It seems to me that there is great injustice in the case I have stated.

The question I wish to ask the minister is this. Have representations been made to the various provincial governments, who seemed willing to accept the offers put forward by the dominion government in regard to old age pensions? We know there are two provinces that have remained aloof, but I understand there are some provinces that are ready to accept at least a part of the social legislation outlined by the dominion, and I am asking, therefore, whether the minister

can give the committee some information on this question. I will not go into the subject of old age pensions, but I think everyone agrees that we must revise the entire act and bring it up to date in the light of present-day conditions so as to afford a decent standard of living and to enable our aged citizens to carry on. Can the minister give any information as to the attitude of the provinces?

Mr. McCANN: The question which the hon. gentleman asks has reference to the dominion-provincial agreements as far as they affect social legislation, more particularly old age pensions. The proposals put forward have not dealt with that particular phase, but I am taking note of the questions asked by the hon. gentleman and they will be brought to the attention of the department.

Mr. MENARY: I wish to say a few words in this debate on estimates, and I trust that what I have to say will be constructive and to the benefit of all our people in this great dominion. I desire to speak on annuities at the age of sixty. What I shall say will not take up much time but I believe that this subject merits our earnest consideration. As we all know, Canada has enjoyed great prosperity. When we look back and recall the amazing sums raised in the various war loans; when we remember the interest rates on these loans and note the steady increase in the price of these bonds, we say to ourselves, this truly is a new era. Yes, truly it is a new era, but perhaps not for all. It is not for the people who had retired, say, ten or fifteen years ago, or immediately prior to the war. To-day, if you wished to retire and had invested $100,000 in government bonds for the past five years, your annual income would be only $3,000. We will say that you live in Ottawa or Toronto, or in any other city where homes are scarce. If you wish to rent one you will want a home such as, I presume, a person of this wealth is accustomed to. Such a home would cost, I imagine, $100 a month or more. If you try to live in your former style and if you have dependents, the upkeep of a car, medical and ordinary living expenses, et cetera, may make it difficult to live on this interest. Your net income, if you are single, after taxes would be $2,024.75; if married, $2,250.

Now let us compare this man to a farmer, who has retired possibly at the age of sixty, because he has a boy at home who wishes to get married and start out in life for himself. We will say this farmer owns his farm and has $10,000 invested in bonds. The son agrees to pay the father $5,000 for the farm at an interest rate of three per cent. That will give the father an income of $450, but the taxes on his new home in town will probably be $75, his hydro, water rates and insurance on the house, at the very least $25. This man will have $350 to live on, buy coal, milk, food and clothes. He will contribute to his church. I ask this committee, can this man live on this income?

Then we come to the working man, say a white-collared one. We will say he has earned from $2,500 to $3,000, has lived in the city during the war, and has raised a family of three and tried to educate them. His savings would be small and he must still struggle to live. In the smaller town where there is usually a garden and rents are much lower, we drop into a lower scale, but here we ever have the increasing cost of living pressing heavily on his shoulders, as on the shoulders of all our citizens and especially on the people in the low-income brackets.

Then take the worker in a factory, or a store, a road builder, a street-car conductor, or any other worker with an average income. Take anyone working in a store or an office. When these people have raised their families and saved what is left for old age, and the time is approaching when they must retire, I ask, will they have sufficient to care for themselves after the age of sixty?

I have had some sorrowful letters from men on old age pensions in my riding. One case is that of a man of seventy years of age; his wife is sixty. How can this man live on $25 a month with the laws now framed so that under the means test he can earn only $100 a year? Even at that, his income would only be $400. I have another case where the husband is on the old age pension and his wife, who, I would say, is aged about sixty, is not eligible. This couple cultivated a garden and sold a few vegetables. The wife helped out by doing housework, washing and so forth. The husband, who was formerly a carpenter, filed a few saws. He could not do much of this work because he lived in a very small village. However, this became known to the inspector and deductions were made from the pension which this man receives. Consequently, this couple were without any income from December to February the following year, when representation was made to the pension board, who agreed to deduct the amount due by this pensioner in payments of $5 a month. Here is another case where the government penalizes thrift. I investigated these cases and know they are true.

There is only one remedy, and that is a form of old age annuity starting at sixty years, without the means test, contributed to by the pensioner from the age of twenty-one. This will not be called an old age pension, because the beneficiary would contribute to this fund as well as the government. If we take, for example, and only for example, that each person pays $1 a month, starting at the age of twenty-one, these payments over thirty-nine years, with compound interest at three per cent, would amount to $892.81. We will say that the government duplicates this amount. This would mean $1,785.62.

With living, rents and education for one's family, it is impossible for the average wage-earner, farmer or citizen of any group, to educate a family and keep enough for old age. The government can borrow money at three per cent—and now we hear that it may be less—but one can hardly live on the income on $10,000 invested in government bonds. For that reason and for humanity's sake, something must be done for all people, when they reach the age of sixty.

Then, again, to carry the idea one step further:

1. To ensure employment for others, it would be advantageous for the government and a benefit to the country to reduce the available labour supply in a few years by providing adequate security that will permit people to retire at the age of sixty. Toward this objective, people could start now to contribute to such a government pension fund and then, in years to come, they would themselves provide for their future security and not, as is the case now, have to look to the state for aid.

2. The government would have the use of the huge fund and save on money they have to borrow.

3. The security policy could be enlarged to include medical benefits and hospitalization.

4. The policy would be contributory for the group under sixty at the start, and would absorb all over this age who apply.

5. The insurance companies would still compete in the field, covering largely the deathrate element.

6. This rate of a $1 a month to be uniform throughout all Canada.

Last, the administration of this act, if passed by this house, could be administered through the county councils cheaper than in any other way and the county council is closer to the people.

Mr. KNOWLES: I wish to add my protest to those which have been expressed several times during the course of this session at the failure of the government to do anything this year about increasing the amount of the old age pension. The case is one which hardly needs to be made; it has been made repeatedly in the house in former years, and also this year in other debates. The simple fact that $25 is the maximum pension payable under the act as amended by order in council certainly makes it clear that we are not doing sufficient for our old people.

The fact that there have been increases in the cost of living is well known to all of us, and I am sure every hon. member is receiving letters from elderly people expressing their amazement that the government does not see that they need an increase in the amount of their pension, not two or five or ten years from now, when they are dead and can no longer use it, but now when they are alive and in desperate need of it.

I know the arguments and answers which have been given to our arguments for increasing the old age pension, such as problems arising out of dominion-provincial relations, and all that sort of thing. But it seems to me that the minister gave an even weaker answer to-night when he simply said there was not much he could do about the matter, because he was only speaking on behalf of the Minister of National Health and Welfare, who is out of the country at the present time. We have not said much about that in the house, but it does seem too bad that there should be so many ministers of the government away at the present time. I know that even in writing letters on matters which come before us we are sometimes presented with a problem in trying to find out to whom we should write for attention to the problems of our people.

Mr. MITCHELL: Take a look at your own party; lots of your people are away.

Mr. KNOWLES: Our party does not happen to be in the position of responsibility that members of the cabinet are.

Mr. MITCHELL: Thank goodness, for the Canadian people.

Mr. KNOWLES: The Canadian people will express themselves about that in due course.

Mr. ST. LAURENT: They did, in 1945.

Mr. KNOWLES: Yes, in 1945 the Canadian people gave the Liberal party and the government now in power a job. They thought that one of the jobs to which the government was going to give its immediate attention was the improvement of old age pension legislation. Correspondence we are receiving and views being expressed across

the country make it clear that the people are amazed and disappointed at the excuses found for delaying action in connection with this matter. I would urge that the government get its ear to the ground, so that it may realize what people are thinking about this matter, and that it ought not to delay any further the necessary increase in the amount of old age pensions.

There are other matters which could be discussed, including the eligible age, the means test and various other provisions. I would remind the government that, in discussing these matters, we are not now comparing their performance with standards which some of the rest of us might set; rather we are comparing their performance with their own standards as set out in the proposals they have made to the dominion-provincial conference. They have set the standard—the minimum standard at any rate. Some of us are not satisfied that that goes far enough. But at least they should not be allowed to rest until they have measured up to their own intimation that the old age pension ought to be at least $30 a month, without any further delay.

Mr. MacINNIS: Before the session closes, I wish to say only one brief word on behalf of old age pensioners. During the last two sessions of parliament we have made provisions, first of all, in the matter of our own indemnity, in salary boosts for various civil servants, if not for all of them. Only recently the cost of living bonus was increased for those who had been receiving increases in wages. Throughout the country organized labour and other workers are receiving increases in wages, all of which results in the meagre pension paid to old age pensioners being worth less than it was before.

It is the duty of the government not only to look after those who can look after themselves, but also to see that those members of the national family who are not able to look after themselves are provided for in as large a measure as the country can afford. I submit that this country can afford a much better pension than is now provided. I suggest to the minister and the government, if no other way can be found, that they add a cost of living bonus to the old age pension in order to remove some of the poverty from those who must subsist on the income provided by these pensions.

Mr. BLACKMORE: Once more I wish to point out to the government that the amount this country can afford to pay its aged people, the senior citizens, does not depend upon the amount of money that can be wrung out of the people; it should depend upon the goods and services which this country can produce. There are four or five ministers in their seats at present and may I point out to them—

Mr. MITCHELL: The hon. member for Winnipeg North Centre said there were practically no ministers in their seats, so that I am glad to hear the hon. member for Lethbridge say what he has.

Mr. KNOWLES: That is not what I said; I referred to the large number of ministers who were out of the country.

Mr. MITCHELL: On very important government business.

Mr. KNOWLES: This is important business also.

Mr. BLACKMORE: Since the minister has raised the question I think the matter should be recorded in *Hansard*. The ministers who are away from this country are on very important business. Every person in this committee who faces facts realistically knows that, and I want the government to have credit for that fact. We hear silly talk once in a while, but let it be borne in mind that never in the history of this nation has it been so important that Canada be represented in so many different places by strong men. Of course those men have to be away to take care of the interests of this country, and that explains the absence of so many ministers.

I was referring to the number of ministers in their seats at present. I urge on them that, if they are to save this country from calamity, they must begin to realize that the amount this country can pay to its old age pensioners, to its labourers in industry, depends upon the goods and services this country can produce and not upon the money that can be wrung out of the people by taxation. When we approach the economy of Canada in a realistic manner we shall see that the old age pensioners, the senior citizens of this country, are in receipt of a sufficient income to support them in dignity and comfort for the remaining days of their lives. The longer this country neglects these senior citizens, the longer it will continue to cast reflection upon those in power in the country and upon the country itself.

I have stated on several occasions that a pension of not less than $50 a month at sixty years of age should be paid. That is an exceedingly moderate amount for the elder citizens of Canada. Once more I wish to put myself on record and, through me, the Social Credit group, as favouring the payment of at least $50 a month to all senior citizens of Canada sixty years of age and over.

Mrs. STRUM: I want to add my voice to those of the hon. members who have spoken for the last time on this important matter. We have heard from all sides of the house about the importance of establishing markets for Canadian goods in other parts of the world. I submit that here is a market which we do not have to seek. A few million dollars paid out in the form of old age pensions would immediately create that much demand for Canadian goods. It would be good economics as well as humanitarian. I think this government owes it to the old people of Canada to see that at the beginning of next session this matter is dealt with realistically.

I hope to heaven we shall not have to wait until we sign up every province individually in a separate agreement before anything is done about this group which is now living below subsistence levels. I wish all the ministers would take $25 and try to live on it for one month. They would find out how often they would eat. I suggest that until they have done that, they cannot begin to understand what it is like to be old, most likely sick and with the weather of the next few months, cold, because these people will not have sufficient to obtain heated quarters. Many of them will be hungry because their money will not spread over the thirty days. We have raised our own salaries, we shall be comfortable, but I hope our consciences will not be dead, even though we have failed to deal with this matter at this session.

Item agreed to.

General—National film board, including the motion picture bureau—

246. Production and distribution of films and other visual materials, $860,000.

Mr. KNIGHT: I should like the minister to explain this decrease of $39,500 and state if it is not due to a cut in trade union and industrial showings and in the production of films.

Mr. McCANN: The answer is that the films formerly produced under this vote were designed to supplement departmental films intended to stimulate industrial production and contribute to the maintenance of morale in war industry. It is expected that films to be produced under other votes and for other government departments will provide for the necessary programmes during the fiscal year 1946-47. There was an increased expenditure to meet the needs of war industry and now that the war is over the needs in peace-time industry can be met by a lesser expenditure.

Mr. KNIGHT: The Saskatchewan allotment is cut by twenty per cent. Last year I understand that the national film board had twelve men in the field in Saskatchewan and this year I understand there will only be three. Perhaps the minister would say whether my information is correct. While there is a distinct economy in reducing the number of field men from twelve to three, I think the expenditure for the province is still needed for the production of films, and I should like to see the appropriation for Saskatchewan as great as last year's. That is not merely based on wishing. The appropriation was formerly $75,000 and it is now $55,000. I would base my request for a grant equal to last year's upon the coverage given in Saskatchewan. I think the money saved by reducing the field men from twelve to three, if that is to be done, should be spent in the province, which I understand is providing out of its own funds this year for a large scheme of audio-visual education through the showing of films. Let the money saved on the salaries be spent on the production of more films to help out that programme. It would mean that more people would see more Canadian films; it would be the means of getting more information to the people of Saskatchewan. I understand that Saskatchewan is giving greater coverage than any other province. They will need part of the appropriation for school films. The national film board releases will receive greater coverage in Saskatchewan. My information is that in Saskatchewan they exceed the combined showings in all the other provinces. If that is true, they will need a good deal of money for the production of films to carry out that ambitious and, I think, worth-while programme.

Mr. McCANN: I am advised that the number of men in Saskatchewan will be substantially the same as last year. Although the amount here is somewhat less than the corresponding item last year, it will be increased by an item in the supplementaries with which we shall be dealing shortly.

Mr. KNIGHT: I am given to understand that, while there will be more men in the field this year in Saskatchewan, they will be provided by the Saskatchewan government through its department of adult education and audio-visual education, but I understand that the field men of the national film board in Saskatchewan will be reduced from twelve to three. If that is true, my point is that the salaries which would have been paid if the number of field men had remained the same be spent in the production of films to enable the province to carry out its programme.

Mr. McCANN: I am informed that my hon. friend's information is not correct and that the number of men in the field will be

substantially the same as last year. In addition, there will be a large number in Saskatchewan.

Mr. BRYCE: I have received a petition from the Stonewall district in my constituency where the people have trouble in getting the national film board to include Stonewall in their circuit. Stonewall is only twenty miles from Winnipeg. The trouble seems to be that to show the national film board's films would infringe upon a franchise held by a commercial exhibitor. The national film board exhibits its films free of charge. They are of an educational nature, and I would ask the minister to see if the local women's clubs and other groups cannot be allowed to see these educational pictures which are not now shown in Stonewall. They are shown in Winnipeg, where there is any amount of commercial pictures, but apparently there is an agreement between the national film board and the film industry that the film board will not exhibit its films within ten miles of a commercial motion-picture house. I think our farm people have the right to see the film board's pictures in the local school house or the community hall, where there is no charge, because the film board renders that service to the community free. That should not be prevented by the whims of any commercial organization. It is the right of the people to have an opportunity to see these educational films, and they should not be deprived of that right.

Mr. McCANN: That matter is being canvassed, and the suggestion which the hon. member has made will be taken into consideration.

Mr. GILLIS: I wish to pursue a little farther the question raised by the hon. member for Saskatoon City. I was not quite satisfied with the minister's answer, which was to the effect that during the war considerable visual education was carried on in war industries and that now it was not necessary to carry on that work to stimulate morale. I notice by the details that there is a decrease of $30,000, and it would appear that visual education given among the trades unions is to be discontinued entirely. At least there is no money shown here for that purpose. If that is so, I shall have a little more to say.

Mr. McCANN: I do not think that is correct.

Mr. GILLIS: There is no mention of it here, and the minister has already stated that the showing of films in war industries was not being continued. I think that was one of the important features of your educational work, and that now, at this period, it is more important than it was during the war. Am I correct in assuming that you are discontinuing all their union education?

Mr. McCANN: No.

Mr. GILLIS: I am not correct? There is nothing in this vote for it.

Mr. McCANN: No. I am informed that we are developing a much more cooperative scheme with the trade union people than we have had.

Mr. GILLIS: If that is so, I am quite satisfied. I understand there is something in supplementary estimates.

Mr. McCANN: Yes. That is what I said.

Item agreed to.

DEPARTMENT OF THE SECRETARY OF STATE

356. Departmental administration, $106,210.

Mr. HERRIDGE: I wish to make a few remarks on this item, although I will try to condense them because of the other business which we wish to get done. What I have to say is in connection with the Doukhobors of Kootenay West.

I think most hon. members know that some time during 1898 and 1899 some 7,600 Doukhobors came to this country and settled in the prairie provinces, after negotiations between their representatives and representatives of the Canadian government. Commencing about 1902, a more extreme sect of the Doukhobors known as the Sons of Freedom commenced to give trouble not only to Peter Verigin, their leader, but some trouble in the district in which they were located, and about the fall of 1907 this culminated in somewhat less than 100 making a trek to Fort William and staying there doing casual jobs until the winter months, and then, on January 1, 1908, staging a nude parade in Fort William. There was some discussion of the matter between Peter Verigin, who disowned what he termed "these mad brothers", and the dominion government, and finally the dominion government returned these Sons of Freedom in two Canadian Pacific colonist cars to Yorkton. The Doukhobor community continued to grow, causing the authorities and Peter Verigin the first, some difficulties. They refused to register births, marriages or deaths and to comply with the Homestead Act of the Dominion of Canada. So Peter Verigin began to look for another district to take them to—the promised land—and came out to Kootenay West, surveyed the country, realized that it was one of the most beautiful districts in Canada, and decided

that he would move some of his followers to Kootenay West. I might say that after a survey of the district Verigin reported as follows:

In British Columbia we will buy our land and own it so it will not be necessary to be subject to the English king, and keep our land. No schools are there. The air is very pure, like Switzerland. So we will live in good health in the Christian way with no government to bother us, no rheumatism and few mosquitoes. Slava Bohu.

Peter Verigin was a capable person, and realized that he had found a good country. His visit resulted in the spring of 1909 in some 800 persons arriving on a special train at Brilliant. In 1910 another contingent arrived, and in 1911 a further thousand settled in the Kootenay West and Grand Forks district. At that time they purchased 14,403 acres of land on an agreement of sale for $646,000. They were very industrious, and by 1912 they had reduced the amount owing on that agreement of sale to $325,000. The virgin forest gave way to orchards. They built a jam factory and sold jam in western Canada which became quite famous—the Kootenay Columbia brand of jam. They established an irrigation system and erected sawmills. At the end of 1912 in Kootenay West we had over 5,000 Doukhobors, and out of those 5,000, were over 700 children who had never set foot in a Canadian school.

What was then known as the Christian Community of Universal Brotherhood continued to prosper. The industry of these people was, I remember very well, admired by the people of the surrounding districts and their neighbors; but because of the failure of these people to register births, marriages and deaths, protests were made to the provincial government, and the government of British Columbia was asked to take some action in this respect. I might say in regard to this matter vigorous protests were registered by the Doukhobors because of the gaoling of some of their people. Right at that point, about 1912, is when the first serious trouble commenced in Kootenay West. Trouble has continued over the years by a series of burnings of school houses, community halls and, in some cases other buildings. As a result of the protests of people in the district, in 1912 the provincial government established, on August 24, a royal commission, and Mr. William Blackmore was named commissioner to inquire into the organization, habits, customs and practices of the Doukhobors, and make recommendations. Very little was known about the Doukhobors, their habits, customs and practices, at that time, and the commissioner had no previous experience in this type of work. Really, the findings of the commissioner only resulted in causing the Doukhobors to lose confidence in our government institutions and our ideas of keeping an agreement, because the commissioner's major finding was that the order in council granting military exemption be cancelled. That caused considerable disturbance amongst the Doukhobor people. The difficulties in the districts surrounding their communities continued and schools continued to be burnt.

Then we come to 1914-18, war years, and there was considerable trouble at that time. The dominion government recognized the agreement of 1898 and they were exempted from military service, although there was some difficulty as between the Christian Community of Universal Brotherhood and what were known at that time as the independent Doukhobors. On April 28, 1917, the Christian Community of Universal Brotherhood was incorporated with a capitalization of $1,000,000, although as a matter of fact at that time, I believe, their assets were worth three times that in value. On October 28, 1924, Peter Verigin was killed by an explosion while on the Kootenay express at Farrow. Usually we do not exaggerate things in Kootenay West, but I think the term "Kootenay express" is an overstatement.

In the fall of 1927 Peter Verigin II came to Canada after considerable consultation between the various groups in Canada and certain representatives of the Doukhobor community in the Soviet Union. While Peter Verigin II openly supported the government, there is no question about it that behind the scenes amongst the Doukhobor community and the Doukhobor factions he held the government up to ridicule. From the time of his assuming leadership the community got into financial difficulties and internal dissention developed. About that time the Sons of Freedom, who were becoming stronger, developed the nude strategy, and that is why over a period of years, on occasion, we have had parades of nude Doukhobors protesting against some difficulty within the community or some laws of the land.

In 1932 Peter Verigin II was sentenced to three years for perjury. This sentence and conditions arising out of the mismanagement of the community and the depression caused the Sons of Freedom to stage their first large-scale nude parade. As a result, hundreds were arrested in Kootenay West in the fall of 1932 and interned on Piers island; some of them were released during the summer of 1933, but some were not finally released until 1935.

Finally Peter Verigin II died on February 11, 1939, leaving the community in an extremely bad condition financially and rent with internal dissensions. The community was in debt and the Sun Life Insurance Company and the National Trust Company held large mortgages on their property and were threatening to evict the Doukhobors. Prior to the war and during the early part of the war the government of British Columbia, in order to avoid the social difficulties that would surround their eviction, bought the Sun Life and National Trust Company out, so that at the present time the Doukhobors in Kootenay West own no land or property as a community. These properties are now held by the land settlement board of British Columbia on behalf of the government of that province. Since that time, under the direction of the supervisor they have tried to sell back individual blocks to these people, but with little success. A few blocks have been sold, but the great part of the property remains in the hands of the land settlment board of British Columbia.

Just at this point I want to pay a particular tribute to Mr. Ralph MacIntosh, supervisor of the land settlement board, for his work in connection with the Doukhobors and provincial constable I. Deboiu. Both of these men have a thorough knowledge of the situation and have been most capable, painstaking and patient.

In 1939 the war came along and the government again recognized the agreement of 1898. From that time on there has been a change in the actual conditions in the communities as regards the attitude of a large number of these people toward Canadian institutions and the Canadian government. I might say that in this war some 130 of these people served in the armed forces and some in the Pacific coast militia rangers. Arrangements were made for contributions to the Red Cross on quite a generous scale, and many of them worked in war industries and in the lumber industries But during the war the cleavage between the different groups further developed. I might say that at the present time the former Christian community of the universal brotherhood is now known as the spiritual community of Christ. Then we have a large number of independents; and the faction who cause the trouble, the Sons of Freedom. There have been recent attempts by a core of these Sons of Freedom to terrorize the majority of the Doukhobors who wish to live as good Canadian citizens. In the last two or three months some fourteen homes have been burned down in Kootenay West; a cooperatively owned community hall has been burned, and a large irrigation system has been damaged. The people of the district of Kootenay West are anxious that something be done to stop this incessant lawlessness of a few people who bring disgrace upon a whole community and their race.

There are some factors which exist to-day, favourable factors which never existed before, in my opinion and in the opinion of many people of the district, which make it possible for us to do something to solve this question on a permanent and satisfactory basis. The first is the experience of these young Doukhobors who served in the recent war. These young men have returned to the communities and they are having a good influence amongst the people who remained at home. The second is the experience gained by men and women who worked in war industries. Large numbers of these people have worked in the industrial plants at Trail, with the Kootenay engineering company in the construction of the east dam on the Kootenay river, and in other projects throughout the district, and in the lumbering industry. To a greater extent than before they have associated with the people who work in industry generally.

Then we have their experience in trade unions. In recent years quite a number of these Doukhobors have joined trade unions, and have begun to understand trade union principles and to see the benefits which derive therefrom. Then, again, quite a number of them are joining cooperative societies, in which the majority of the members are people of another race. Here, again, they are learning to work with other people and are gaining experience. I might say that at the present time the great majority of the younger people are attending school. I find that, on account of the work in industry during the war and association with other Canadians in trade unions and cooperatives, many of the younger people have developed a much higher standard of living than existed prior to the war. These people have now had a taste of what the Canadian standard of living is for workingmen generally, and they want to maintain that standard of living. These young people do not want to return to the poverty and the destitution which they experienced for some years prior to the war.

In conversation with Doukhobor boys who have returned from the forces, men and women who have worked in trade unions and in the cooperative movement, and who have worked in industry in large numbers—and I know hundreds of them—I find a general desire to maintain the Canadian standard of living, accept Canadian institutions and live according to Canadian standards. Within all these groups there are large numbers of Doukhobor

people who are anxious to cooperate with the government in an effort to solve this problem for the benefit of their own people and for the advantage of the community as a whole.

I have hastily sketched the situation, but I want to say that we consider this is a joint problem of the dominion and provincial governments. We believe that the time is opportune for action on behalf of the people of the district. Through you, Mr. Chairman, I urge that the Secretary of State bring this matter to the attention of the government. I know the Minister of Justice has some knowledge of it, and on behalf of the people I represent I urge a joint inquiry into the whole Doukhobor situation and problem in an effort to work out a solution which will be satisfactory to all. I think at this time that is possible under the most favourable circumstances that have existed since the community came to Canada. I suggest that inquiry be made into the lawlessness of the small minority and that action be taken to prevent it in the future. Second, I suggest the education of the children of those who refuse to obey Canadian law. There are still some children of the sons of freedom living particularly in the small village of Crestova, and at Gilpin, which is in the riding of the hon. member for Yale, who do not attend schools. I think that is a situation which has to be taken up and corrected. Then there is the question of the ownership of land and the possibilities of satisfactory settlement. While at the present time the land is held by the land settlement board of British Columbia and the Doukhobors have no legal title to it, during the years of mismanagement under Peter Verigin II many of these people paid hundreds of thousands of dollars into the community which was wasted by mismanagement. They feel that they have a moral right to the lands, and they resent being asked, as it were from their point of view, to pay twice for these properties. When we consider the amounts spent in other directions, I think it would be a good investment for British Columbia and the Dominion of Canada to make some arrangement to let these people have some of these lands at a reduced price. It would assist in the solution of the question. They feel keenly in this connection, and I suggest that the matter should be investigated and something done along these lines to meet the situation.

I come now particularly to that branch in which the Secretary of State is interested, especially since the passing of the Citizenship Act, and that is the question of instructions in the principles of citizenship. In that community the Secretary of State has a splendid opportunity, within one group and by cooperation of many within the group, to instruct these people in the principles of Canadian citizenship.

Then there is the question of the franchise. The Doukhobors were able at one time to vote in provincial elections in British Columbia, but this was changed by law, and then later in the federal field, the Conservative members, led by the Right Hon. Mr. Bennett, argued that the British Columbia act should be extended to dominion elections. I am glad to say that at that time the present Prime Minister, then leader of the opposition, said that he did not think it advisable to go back to Old Testament times and seek to visit the iniquity of the fathers upon their descendants unto the third and fourth generations; and the members of the C.C.F., including the late Mr. J. S. Woodsworth, made a strong protest against taking the franchise away from people in a wholesale manner. Legislation was passed and the Doukhobors were then prevented from exercising the franchise. I am not suggesting that all these people are capable of exercising the franchise at this time, but how can we build them up into Canadian citizens with such a law? What do we offer the hundreds of these people who have gone and purchased properties and are now living as Canadians? What do we offer them under this legislation now existing on the statute books if we continue to prevent them from exercising the franchise and, according to the law, prevent their descendants also from exercising that privilege for all time?

As a matter of fact, we have Doukhobors who served in the Canadian forces and who, by reason of that service, were given the right to exercise the franchise; but the wife, because of this legislation, has not that right. I emphasize again, I am not suggesting that all these people are capable of exercising the franchise at the present time, but I say that the present arrangements are not ethical and do not demonstrate common sense. I suggest that provision should be made whereby all those who wish to live according to Canadian law and by Canadian standards and in support of Canadian institutions, should, after qualifying for citizenship, be granted the franchise.

In conclusion, on behalf of my constituents I urge this government, in cooperation with the provincial government of British Columbia, to give immediate consideration to the wishes of the people I represent with a view to solving this long-standing social problem. I am certain that, if the problem is approached with determination and understanding, the

result in the very near future will be satisfactory to the people I represent, the people of Kootenay West, and will cause the great majority of Doukhobors, who wish to live according to Canadian law and Canadian standards, to say in their usual way: Slava Bohu.

Item agreed to.

Patent and Copyright office—
364. Administration division, $35,630.

Mr. RICHARD (Ottawa East): I wish to call the attention of the Secretary of State to the fact that there is room for improvement in the patent office system at the present time. Hon. members know that the patent office is a revenue-producing department, but it should not be so, when that involves the risk of providing fewer facilities to the public. Patent applications have been lagging for a great number of years owing to understaffing and lack of facilities. I am not going to go into all the details. An investigation was made some years ago and a report was prepared by Mr. Ralston of Montreal in 1940. It is a very good one, and I suggest that it be implemented at this time. No doubt the reason it was not implemented was the fact that we were at war.

The first need of the patent office is, of course, proper housing facilities. The office is now distributed in three buildings, and that makes it difficult for coordination and also for those who practise before the patent office. The second difficulty is lack of staff. A great number of examiners have died and others are just about at the retiring age. In view of the fact that the Patent Act is a highly specialized act, the patent office should as soon as possible acquire a great number of assistant examiners, who should be trained for this work. I am afraid I am only repeating a complaint which has reached the patent office from time to time, that patent applications take too long to be examined.

Another thing I would bring to the attention of the Secretary of State in a few words is lack of facilities for those who practise before the patent office. We have not a decent search room; we have not a library containing patents of foreign countries readily available for inspection. Then, of course, above all that there is the question of obtaining prior Canadian patents. As hon. members no doubt know, Canadian patents are not printed. Various systems might be considered. They have all been found to be expensive, but this government will sooner or later have to realize that an initial capital expenditure must be made to create these facilities for the benefit of the public. I urge the Secretary of State, if at all possible, to appoint a committee at the next session to look into the Patent Act, both as to legislation and also as to facilities within the patent office. Now that the war is over, we shall no doubt have a greater number of inventions both from foreign countries and from people at home, and no doubt our patents will be only as good as the facilities of the office will permit.

As a suggestion, I would say that the income of the patent office could be increased by raising the fees. Our fees are at present low as compared with those of other countries, $15 for filing and $20 for the final fee. In most other countries the fee is over $30. If our fees were raised to that level the income of the patent office could be almost doubled and proper facilities provided and better patents obtained.

Mr. MACDONNELL (Muskoka-Ontario): May I ask a question about the item dealing with translations, as to why so large an amount is shown for temporary assistance, and whether it is really temporary or not? Is it an emergency situation which will disappear?

Hon. PAUL MARTIN (Secretary of State): The reason is that a large number of the male employees are temporary, and cannot be made permanent because of the veterans' preference provision.

We are now dealing with item 364. The hon. member for Ottawa East, who has given a great deal of thought to this matter and who, in the practice of his profession, is a patent solicitor, has made a number of suggestions which I feel have considerable merit. As he has said, there is much to be done by way of stream-lining the patent office at the present time. If there is some tardiness—and there is—in the disposition of applications, this is largely due to the fact that the applications are almost thirty-eight per cent more now than they were in the immediate year preceding the war. However, the closest study is being made of the problem, both with a view to trying to increase the staff of examiners and others, and to see if we cannot accommodate the great demand being made upon the patent office.

Not a little of our problem, as the hon. member has said, has to do with the fact that the patent division is handicapped by lack of space. The Minister of Public Works is engaged in trying to remedy that situation. I may say that every one of the suggestions made by the hon. member for Ottawa East, a number of which he has discussed with me privately over the last few months is, as he knows, being given serious consideration. And

when I say that I mean that we hope, before parliament next meets, to be able to remedy many of the current inadequacies.

The type of questions he has placed before the committee to-night were put to me earlier in the evening by the hon. member for Peel, who had to leave the house and who asked me if I would let the item stand. Since I did not wish to accede to that request, it was suggested that he might leave the questions with me in writing, and that I would make replies forthwith.

His first question is: What is the lapse of time between the arrival of a patent application at the patent office and the issue of the official filing receipt? The answer is, about two years. This includes delays of replies by and to solicitors in answer to letters which have to do with patent applications. The statutory period for answering letters is six months. There is also a delay of six months in the payment of the final fee before the patent is issued. There are about 20,000 applications now before the patent office, and these are being actively prosecuted.

His second question is: How many applications now in the patent office have been there for (a) three years or (b) for four years or more? The answer is that there are over 10,000 applications at present in the patent office which are three years old. The proportion that have been in the patent office for four years is difficult to estimate, since all secret applications filed during the war could not be examined, for security reasons. These applications are only now being released from secrecy. There were between 4,000 and 5,000 secret applications filed, most of these emanating from Great Britain and the United States. The patent examining staff was reduced by twenty-five per cent during the war, on account of examiners being lent to other war departments, and because a number of the staff went on active service.

The third question is: How many applications have been in the patent office (a) for four years and (b) for five years or more? As I have already said, secret applications could not be examined during the war years. There are between 5,000 and 6,000 applications in the office for over four years. For over five years, these consist principally of secret applications, of which there are probably about 4,000. They are now being withdrawn from secrecy and being examined as quickly as possible.

Mr. MACDONNELL (Muskoka-Ontario): I am not thoroughly familiar with this. There is reference to applications which have been there four or five years. Does that mean that probably some important business operations are being held up because of the delay in issuing patents?

[Mr. Martin.]

Mr. MARTIN: No, an effort is made to deal with the more important applications. But I am frank enough to say that there are delays; and these delays are due to the fact that the applications require very close atttention on the part of the examiners. When I point out that at the present time we have thirty-eight per cent more applications than we had in 1939, with our staff twenty-five per cent reduced, the hon. member will understand our present difficulty.

I am faced with the difficulty of trying to meet a legitimate request for economy in expenditures. One is torn between that very proper desire at this time and the necessity for meeting a growing demand. However, we shall have to increase the staff; there will be no alternative.

Steps have already been taken. The civil service commission is advertising for some special technicians who will serve as examiners, in an effort to meet this growing problem, one which, I may say, is not found only in this country, but is common to Great Britain and particularly the United States.

Mr. MACDONNELL (Muskoka-Ontario): Did I not understand the hon. member for Ottawa East to say that the patent office is self-sustaining?

Mr. MARTIN: Up to $350,000 this year.

Mr. MACDONNELL (Muskoka-Ontario): It pays its way?

Mr. MARTIN: It is a revenue-producing department.

Mr. MACDONNELL (Muskoka-Ontario): Then surely the argument for economy is almost in reverse. However keen one may be for economy, one does not wish a profitable business to be held back.

Mr. MARTIN: I may say the hon. member's observations are most helpful.

Item agreed to.

Public Printing and Stationery—
270. Departmental administration, $10,490.

Mr. KNOWLES: Earlier in the session, on another item, I asked a number of questions of the Secretary of State respecting the work of the printing bureau. In a number of instances he said consideration was being given to the matters concerning which I had questioned him. Has anything come from the consideration being given to the use of the union label on government printing?

Mr. MARTIN: No; there is no change in that.

Mr. LENNARD: While I appreciate the fact that some statutes may demand that copies of divorce evidence be printed, I cannot see any use in having all these copies of evidence, simply to be thrown in our waste-paper baskets. It is a waste of paper and of valuable time in the printing office.

Mr. MARTIN: The hon. member realizes that assignments of that kind are not within the jurisdiction of the king's printer. He carries out the orders of the committee.

Mr. KNOWLES: There is considerable opinion in the country to the effect that a wider reading of *Hansard* might be a good idea. Some members are not so sure of that; but there are those who feel it would be, and I am one of them. Has consideration been given to the possibility of reducing the subscription price from $3 to a lesser figure? This involves consideration of what it is costing for the extra copies which have to be printed to meet the subscription lists. Has this matter been considered?

Mr. MARTIN: It has been. One is faced with the same problem I mentioned a minute ago. We could give these things free, thereby adding to the cost of operation. However, the matter is now under serious consideration, not only with regard to *Hansard,* but in an effort to try to set up perhaps a more effective agency by which government publications generally might receive wider distribution.

Mr. KNOWLES: Can the Secretary of State say how many copies of *Hansard* are printed, and then break that number down into the number circulated and the number subscribed for at the $3 rate?

Mr. MARTIN: I shall be glad to give details later on to my hon. friend, since I have nothing here except that it is around 9,000.

Item agreed to.

Demobilization and reconversion—Civil service commission—

484. Supply of personnel for demobilization and reconversion services, $658,508.

Mr. MACDONNELL (Muskoka-Ontario): What is this for?

Mr. MARTIN: This is to cover the expenses of civil service operations in connection with demobilization. The hon. member will note that the details are to be found on page 261 of the main estimates.

Mr. MACDONNELL (Muskoka-Ontario): It is rather odd that the same figure of $658,508 is arrived at, and the reason would seem to be that they have adjusted the amount for sundries. What kind of way is that to make up an item?

Mr. MARTIN: That is the total figure.

Mr. MACDONNELL (Muskoka-Ontario): It is arrived at by just putting in an amount for sundries. I do not want to be meticulous about the matter, but it looks rather silly. You have $658,508, which does not mean a thing because it is only arrived at by putting in a sundries figure which gives you that amount. I am not making heavy weather about it, but it is not a sensible way to make up an estimate.

Mr. MARTIN: If I could bring down the ledger which would be a much larger book than I have, I could give the hon. member the items for telephones, telegrams, travelling expenses and so on.

Item agreed to.

856. Canada Temperance Act, further amount required, $1,000.

Mr. LENNARD: What is this for?

Mr. MARTIN: It is the cost of enforcing the act in the county of Beauce.

Mr. MACDONNELL (Muskoka-Ontario): Do you not have to enforce it in other counties?

Mr. MARTIN: No; only the one.

Item agreed to.

Demobilization and Reconversion—Privy Council Office—

591. Canadian information service, $640,700.

Mr. BRACKEN: This is an item which did not appear in the estimates prior to the war. It has grown out of a service created during the war, the war information board. The amount asked for is $640,700. The item last year was for $796,000. The service has been modified from war days and is now known as the Canadian information service. The government is planning to continue in peace time a war-time organization. I do not propose to take up the time of the committee for more than a minute, because our position was made clear on a bill under this title—Canadian information service—which was introduced by the government. We think $640,700 is altogether too much money for a service which was not considered important enough to have prior to the war. I wish therefore, to move:

That the item be reduced from $640,700 to half that figure, or $320,350.

Our position with respect to this service has been made clear and we shall not take up any more of the time of the committee. I wish it to be recorded that we think the amount asked for is an unnecessarily large expenditure now that the war is over.

Mr. MacINNIS: It is hard to know how to vote on this amendment, because the mover, the leader of the opposition, has not given us any reason for reducing the amount, except that he considers it to be too large. In order that we may know whether it is too large or not, the committee should have some information as to what is done under this appropriation. If the leader of the opposition is opposed to the appropriation, that would be understandable, but simply to move that it be cut in half is not understandable without a clear understanding of what is required to be done under it. I am just as much in favour of eliminating useless expenditures as any hon. member, but I think we should have some logical basis on which to operate.

Mr. NICHOLSON: During the war from the same quarters we heard criticisms of the work of the wartime information board. People who criticized government expenditures of relatively few thousands of dollars in the field of information offered no objection whatever to very large expenditures in the field of production. They saw no objection to the government going into industry and paying a man $20,000 a year to do a particularly important job in the field of production, but they could not approve paying salaries to do an efficient job in the field of information. I think it was important during the war that we should give to our Canadian people information on the progress of our war effort in Canada, and, now that the war is over, I think it is important that Canada give information to other parts of the world on the work that is being done on the Canadian scene. The motion presented by the leader of the opposition asks us to reduce this item from $640,000 to $320,000. If he would state whether he was opposed to providing supplies for libraries abroad, printing and stationery or any other specific items listed we would be better able to judge what merit there was in his case, but unless we have more specific information from the official opposition of the items to which they object it will be difficult to support their motion.

Mr. ROSS (St. Paul's): I rise to support the motion of my leader. I think we should have a statement from the minister as to what this vote involves. A number of members on the other side of the house have said that we have been saying: Oh, this is an expenditure of only a quarter of a million dollars, or only $600,000, or only $500,000, or something like that, but I would point out that what we need in this country is a reduction in expenditure so that we may have a reduction in taxation. Every item of expenditure should be scrutinized to the last dollar by the ministry. They are the fellows who have to do the job, those on the treasury benches over there, although there are not many of them there just now. They are the ones who spend the taxpayers' money, and don't forget that it is the taxpayers' money because you cannot get money out of the air. It must all come out of the individual workers in this country and it is vital that we cut down our expenditures. Do we need this Canadian information service? Has anybody shown that we need it? I have not the figures here showing what it costs. I left them on my desk upstairs. Is it one of the luxuries of government, or is it absolutely necessary? I certainly support my leader's amendment. We must spend a certain amount for information purposes, and that is why he has not asked to reduce the vote to $1. His amendment would cut the expenditure in two. I think, before we vote on this amendment, we should have a statement from the government benches. What is the government doing generally to cut down expenditures in this country?

Amendment (Mr. Bracken) negatived.

Item agreed to.

Demobilization and Reconversion—Privy Council Office—

592. Rehabilitation information committee, $242,000.

Mr. MASSEY: Would the minister briefly outline the work that is being done by this committee, its nature and extent?

Mr. MARTIN: This is assistance rendered by C.I.S. to the Department of Veterans Affairs, the three defence departments and the Department of Labour in trying to bring home to men and women in the armed services the facilities and opportunities which veterans' legislation affords them. The number of inquiries from veterans is still considerable, and this service, as the hon. gentleman who has seen service with such distinction will know, is required particularly to give service men in addition to the other facilities put at their disposal an adequate opportunity of knowing

what privileges and opportunities they may have in trying to rehabilitate themselves in civilian life. I am sure that the hon. member, knowing the problem as he does, particularly in the light of his cogent and, I think, penetrating remarks last night, appreciates the desirability of this service.

Mr. MASSEY: I notice that the vote has been reduced from $640,000 last year to $242,000, or by two-thirds roughly. Is the minister completely satisfied from his own investigation that this amount is adequate for this year?

Mr. MARTIN: The bulk of the work was undertaken last year and the operation is now a continuing one.

Mr. MASSEY: I presume it cost about $400,000 to set up this service and that $242,000 is the operation cost. There is no diminution in the work being done.

Mr. MARTIN: That is right.

Item agreed to.

Demobilization and reconversion—Privy Council office—
593. Food information committee, $110,000.

Mr. BRACKEN: This is a new vote. Let us have an explanation.

Mr. MARTIN: As the hon. gentleman knows, this country undertook to assist countries of the world that required food assistance from Canada. This represents the assistance rendered by C.I.S. through the interdepartmental committee, so that the needs and the purposes which our commitments to other nations involve in the supplying of food might be more effectively achieved.

Mr. GRAYDON: I take it that the purpose is to acquaint the producers of Canada with the necessity for supplying other nations with food in this critical time. Is that one of the objectives?

Mr. ST. LAURENT: I happen to be a member of the cabinet committee that handles this work. It is my impression that there was much work done along the lines laid out by the Canadian information service, and if a substantial portion of it had been paid for it would have run into much more money than this item.

The churches, the social clubs, the many women's organizations rendered valuable assistance in the campaign which was launched and which was carried on for three or four months to induce the Canadian public to conserve food and to make as great supplies as possible available for shipment overseas. There had been movements started for the collection of food to be shipped by various church and social organizations, and it was felt that that was not the most effective way of making the best contribution to alleviate the shortage which existed in the stricken countries, but that if the Canadian public could be induced to take for itself as little as possible and leave the rest available for the agencies which were handling shipments in a big way, a more effective contribution would thus be made to the shortage that existed. I know, from the contacts I had, that great efforts were put forth by a large number of voluntary workers to that end. The hon. member has perhaps noticed from time to time in the papers charts showing the amount of meat coupons surrendered, meat coupons which had been issued to Canadian citizens and on which they were entitled to purchase a certain quantity, but which they surrendered, thus leaving larger quantities as apparent surpluses which could be shipped overseas. I must confess that when these amounts from meeting to meeting were brought forward as having to be expended, we all questioned the aggregates; but we scrutinized them pretty closely, and we got the impression, while the campaign was being carried on, that, if the campaign was a desirable one, there was not being expended any money which did not contribute to the result.

Mr. GRAYDON: The minister's statement largely satisfies me within the limits of the government policy. But I suggest that the most effective way of feeding the nations of the world is to give the farmers in Canada a decent price for their product, so that they will produce.

Mr. BRACKEN: This item is in the privy council votes—the food information committee. We have listened to the minister's explanation of the purpose of it. I should like to ask what body had charge of the administration of this vote.

Mr. ST. LAURENT: The cabinet committee entrusted the organization of that part of the campaign which was being paid for to the Canadian information service. But the accounts were brought regularly to the cabinet committee, and the amounts which were to be spent for radio or for other form of advertising were always passed by the government committee before the Canadian information service went ahead with any commitments.

Item agreed to.

Mr. MacNAUGHT: Before we go into the Department of Labour estimates there is a matter I should like to bring up. The page boys have been here since nine o'clock this morning, and perhaps they could go home now.

The CHAIRMAN: I will bring the matter to the attention of Mr. Speaker. I am sure he will be in complete accord, if it is possible to dispense with their service, that important service which they render from day to day.

Mr. GRAYDON: We do not know what we would do without them.

DEPARTMENT OF LABOUR

109. Departmental administration, $755,967.

Mr. MacINNIS: I wonder whether the minister intends to make a statement.

Hon. HUMPHREY MITCHELL (Minister of Labour): On what?

Mr. MacINNIS: In regard to his department. I am not suggesting or asking that he should, but I am going to say something, and I would not as a matter of courtesy step in ahead of him.

Mr. MITCHELL: I have a statement prepared. I have not it here, but if my hon. friend will wait a couple of minutes I will get it. It will take forty minutes to read.

Mr. GRAYDON: Perhaps the two of you would arrange a saw-off.

Mr. MITCHELL: No; I have no objection, if my hon. friend wants me to read it.

Mr. MacINNIS: No. I only wanted to know if the minister had a statement to make; I did not want to butt in.

Mr. MITCHELL: I had a prepared statement, but I thought, in view of the pressure of business, I should not read it.

Mr. LENNARD: The minister has been making statements all session up to date.

Mr. BRACKEN: I am not suggesting that the Minister of Labour should make a 40-minute speech, or that any minister when he introduces his estimates should make a long speech. But perhaps I may be permitted to take half a minute to say one thing. When ministers introduce their estimates they ought to give us information, at least in brief, outlining any substantial changes in policy that have been made, or any new matters of importance which have arisen and are being provided for. What we are doing now in this committee is voting away the taxpayers' money. The position we are in is that the government, through a minister, is asking for the right to spend the taxpayers' money. I am not objecting, under the circumstances, to the speed with which the estimates have gone through to-night; but I would suggest that the minister, without giving us a 40-minute speech, should say briefly what his estiamtes contain, how they compare with last year, what changes there have been, what new policies there are, if any, what branches, if any, have been omitted, if the estimates are larger, why, and so on. Such a brief and informative statement would at least give the committee a little idea of how the department is proposed to be carried on during the present year as compared with last year.

Mr. MITCHELL: I think you can do it in fifteen minutes if there are no interruptions.

Mr. KNOWLES: It all depends on what is in it.

Mr. MITCHELL: All right. This is a free country; the sky is the limit. Notwithstanding my hon. friend, I think I have the best department in the government.

Mr. GRAYDON: Look who the minister is.

Mr. MITCHELL: They have brought me in the wrong statement, so I must do it by memory. I have a vivid recollection that the late Hon. W. R. Motherwell was accustomed to come into the House of Commons with no more than the book of estimates and to pilot his estimates through without the assistance of anyone in front of him, and he probably did a better job than those who had piles of books in front of them and made long speeches.

The Department of Labour, of course, has many divisions. First of all, there is the administration division. Then there is the division dealing with labour conciliation which, of course, takes into its ambit the war labour boards of the different provinces and also the national war labour board.

We have taken under our jurisdiction the training of soldiers from the Department of Veterans Affairs, which in itself is quite a large operation. Then we have jurisdiction over prisoners of war, which is drawing to its close, but which, during its administration, has assisted greatly the lumber interests of Canada and also the farmers, particularly the beet growing industries of Alberta, Manitoba and Ontario. May I say that its operation has brought a profit to the treasury in excess of $2,225,000. Then the Japanese come under

the jurisdiction of the Department of Labour. They were required to move the Japanese from the protected areas in British Columbia during the dark days of the war. Annuities come under our jurisdiction. The sale of annuities to the public has increased tremendously in the last few years. The Vocational Training Act comes under the jurisdiction of the Department of Labour. This act laid the foundation of the enormous expansion of training which made possible the development of the greatest industrial structure in the life of this nation. I think, in a broad concept, those are the functions of the department. Of course I should point out that the basic principle of the right of labour to organize under the labour code comes under the jurisdiction of the department.

I have a statement which I can read in about fifteen minutes and it will probably answer hon. members' questions.

Some hon. MEMBERS: Read it.

Mr. MITCHELL: It has been asked for and I might as well read it.

Quite largely the estimates of the Department of Labour which are now before the committee illustrate the problems which we had to face once world war II ended—the training and reemployment of men and women demobilized from the armed forces and replacement of many thousands released by munitions plants. We have, too, the still important duty of doing our utmost to meet the labour demands for agriculture—a question of real emergency in view of the grave shortage of food in Europe as well as in Asia.

In spite of difficulties, I believe it may be stated that we are moving along very well benefited by the stabilization policy which was introduced the latter part of 1941. The first phase of our national industrial reconversion was passed in January last when all but one-sixth of war work in progress at V-J Day had been terminated. A total of 370,000 persons who had been employed in war plants were laid off after V-J day and sixty per cent of these were immediately or almost immediately reengaged for the production of civilian goods in the same plants. There were in all 860,000 persons employed in direct war work at the peak period October, 1943. Up to June 30 of this year there had been 883,006 discharged from the armed forces.

Through the veterans' placement division of the employment service positions were secured for 284,000 ex-servicemen and women during the twelve months ending March 31 last. From April 1 to August 1 there were placed an additional 103,000 ex-service personnel. A considerable number of those released from munitions plants were married women and they did not all become an employment problem because of a preference to devote all their time to home-keeping. In a measure that has been true of some women discharged from the armed forces. Many had been married or were married after release and they, too, were not interested in work outside their homes. Under the style "Home Aid Plan" our employment offices are making a special effort to place women and girls in household work provided, however, that pay and conditions of work are fair.

The peak of unemployment was reached in April last when we had 267,000 unplaced applicants, men and women, registered at our national employment service offices across Canada. This total included 72,000 former service personnel discharged during March. On August 15, we had 149,000 unplaced persons listed comprising 116,000 men and 33,000 women. It is of interest to note that on the same date there were 68,000 vacancies for males and 44,000 vacancies for females. We have, of course, been doing our utmost to find positions for veterans and former war plant workers. Naturally we are keenly desirous of doing everything in our power for those who served overseas not forgetting those who did such a fine job on the home front during the years of war.

There are regional supervisors of veterans' placement in Moncton, Montreal, Toronto, Winnipeg and Vancouver. Each local office has what is known as an armed forces registration unit to look after veterans in the first instance. Then at all rehabilitation centres training through the department's facilities. Affairs—the Department of Labour has veterans' employment advisors who are doing good work. Where no such centres exist the advisors are stationed in the local employment offices. There is also a special placements division in the Department of Labour giving attention to physically handicapped persons. Some of these are referred for training through the department's facilities.

In the year ending March 31,—this is important—jobs were found for the handicapped at the rate of 1,250 a month, 25 per cent of them veterans.

I think this is a forward advance in the placement facilities of the employment service for the placement of handicapped persons under our jurisdiction.

Twenty-two men and two women with double amputations were satisfactorily placed in positions. The training work of the department is getting preferential consideration because of the importance of adequately fitting men and women for new types of peacetime work and also to meet a shortage of skilled workers in different vocations.

With regard to veterans, a total of over 76,000 have been enrolled for training up to August 1 of this year with 38,000 undergoing training on that date—and approximately 5,000 others awaiting entry to training. We had 4,000 being trained in schools for the construction and building industries, and in addition more than 3,500 others working as apprentices. Over 10,000 other veterans were being trained for other occupations on the job in industry, that is besides those who have actually been employed in industry. The government subsidizes rates of pay during such training.

Rehabilitation of veterans training is carried on in cooperation with the provinces—the dominion bearing the operating costs. There are centres across Canada to meet area needs and every type of training desired is provided when it is believed that those so trained may speedily be absorbed in the employment stream. Recently I visited the centre at Brockville and I was much impressed by the eagerness of the students and the enthusiasm and ability of the instructors. Another phase of our work is the training of civilian workers released from gainful employment under joint dominion-provincial plans. Usually such trainees are referred to the centres by the employment offices of the department. Agreements covering this training are in effect with the provinces of Nova Scotia, Saskatchewan, Alberta and British Columbia. Supplementary to this is the vocational guidance which our employment offices give to young persons seeking their first jobs.

Agreements have been made with all the provinces for vocational education on the secondary school level. The dominion government pays $10,000 a year to each province plus a proportion of $1,915,000 distributed on the basis of the population 15 to 19 years of age. The latter amount is matched by the provinces. Additionally there is a dominion grant of $10,000,000 for capital expenditures, 25 per cent for equipment, to be matched dollar for dollar by the provinces and used by the end of March, 1948.

There are several factors to be considered in connection with employment after a war.

[Mr. Mitchell.]

We have the large number who were trained for war jobs whose skills are not in general demand for peace-time production. They must readjust themselves to the new work. High war-time earnings in comparison with normal peace-time rates of pay and the indisposition of persons to move from communities in which they have settled to other places where work is available, are other factors. It should be noted that upward adjustments of pay to compensate for changes in war-time "take-home pay" and reduced weekly hours of work have been put into effect in recent months by a number of industries following approval of war labour boards. Re-tooling and re-organization of industry was well advanced up to a few months ago but has lagged because of industrial troubles.

Our latest figures show there were 87,000 working in all branches of mining. Of the number, 26,000 were employed in coal mines where more skilled men could be used now. The base metal mines had 27,000 on their payrolls and the gold mines 22,000 men, a gain of forty per cent since the end of the war. It is expected gold mining will be giving employment to 30,000 men by next autumn and that in mining generally there will be 100,000 working. I would like to see a movement to the mining sections of Canada of persons in centres where there cannot be enough employment to take care of all.

Most of the prisoners of war whose labour was most useful in Canada for several years have been returned to the British isles. We had thousands of these men engaged in woods operations, largely pulp for paper making. Last winter ten per cent more men were employed in woods operations than the winter before. There is work for more men in this field now but a disinclination to take these jobs is apparent.

The war taught men and women new skills, more self-reliance and self-confidence. It is safe to forecast that new types of manufacture and thus new employment opportunities will come as time goes by.

To maintain the highest possible production of food to assist in relieving the famine areas of the world farm labour agreements again are in effect with the provinces.

In February the Department of Labour sent a letter to farmers urging them to submit their help requirements to the employment offices.

Wages and conditions are more attractive in farming now. There is new and better equipment. Every possible effort is being

made to encourage idle industrial workers to take farm jobs.

There will be organized movements of labour for farm work from west to east and east to west. Already the movement to the eastern provinces is under way. An arrangement, previously in effect, is for exchange of workers and equipment with the United States for the harvesters of grain, potatoes and tobacco.

As already announced we are bringing 4,000 farmer Polish soldiers to Canada to work on farms.

Appreciating the importance of the sugar beet industry we were able to retain about 4,000 prisoners of war for this type of work until harvests are over. They are distributed in Ontario, Manitoba and Alberta.

Referring again to our employment service I would like to mention that in Moncton, Montreal, Toronto, Winnipeg and Vancouver we have branches to assist in the placement of persons with executive and professional abilities.

We have found positions for 4,599 in the past year. A considerable number were ex-service personnel.

Under the Reinstatement in Civil Employment Act, between August 1, 1945, and June 29, 1946, or a period of eleven months, 151,000 discharged from the armed forces had been reinstated by their former employers. A total of 46,000 eligible did not apply for reinstatement.

The wartime bureau of technical personnel continues to function as a branch of the department and the staff is rendering fine service in assisting technicians to find good positions as well as in advising firms of men and women available.

We still have the labour exit permit order in force but mainly it is to control the movement from Canada of these technicians as well as graduate nurses. There are shortages in these fields. Some hospitals, in fact, are much understaffed.

National selective service largely is a thing of the past. Remaining regulations require an employer to register a vacancy with local employment offices and to report when an employee has been hired, and the seven days' notice rule for employer and employee. The purpose of this is to have an up-to-date picture of the employment situation.

The government's price, salary and wage stabilization policy remains effective although modified and subject to further gradual changes. We are anxious to abandon controls as soon as feasible but not until the danger of ruinous inflation is past.

Amendments to P.C. 9384, the wartime wages control order, now make it possible for the national and regional war labour boards to approve applications for wage increases which are shown as "just and reasonable."

Wage control began on November 15, 1941. To the end of March this year the boards had dealt with 123,500 applications. Eighty-four per cent were granted in full, 10 per cent in part; only 7 per cent denied.

The wage rate index was 137·5 in 1944, compared with the basic figure of 100 for 1939. It was 140·3 in 1945, according to preliminary figures.

The industrial condition as affecting labour has not been good in the past seven months. In 1945, while the number of strikes did not increase over 1944, the number of workers involved did. There were 197 strikes and lock-outs. The majority were settled by conciliation within a few days. Fifty-eight lasted one day, 152 less than five days.

The strike of the Ford Motor Company employees at Windsor involved 10,000 workers and was the most serious in several years.

It lasted from September 12 to December 29, 1945, resulting in 900,000 man-days time loss and more than one million days if the sympathy strike which occurred in Windsor affecting other firms is included.

A total of 150,000 man-days were lost by a strike of coal miners in Alberta and British Columbia.

During the first seven months of the present year we have had 145 strikes involving a time loss of 2,544,581 man-days, of which the most serious were those affecting the British Columbia logging, great lakes shipping, and the rubber industries.

I must say, having in mind the strike of loggers in British Columbia, seamen engaged in great lakes shipping, rubber workers, steel workers and others, that all could have been avoided by the proper use of the existing conciliation and wage control machinery.

An uncompromising attitude on both sides has been responsible for many serious labour troubles leading to unnecessary loss of business to employers and wages to workers.

The wartime labour relations regulations provided by P.C. 1003, were enacted early in 1944 in order to stabilize industrial conditions. We did not know how long the war would last then.

I shall be having another meeting with the ministers of labour of the provinces to discuss future labour relations. Some provinces want a national code; others do not.

As members know, with certain exceptions, labour relations normally come under provincial jurisdiction.

Under the industrial production cooperation board there are 447 labour management production committees. The plants covered have more than 245,000 workers.

As of May 1, we had 10,867 men who were exempt from military service on conscientious grounds. Sixty-five per cent were employed in agriculture and on June 27 this year there were seventy-three in four alternative service work camps.

These conscientious objectors contributed more than $2,300,000 to Canadian Red Cross under arrangements by which part of their earnings were earmarked for Red Cross work.

Our Japanese administration work comes under two main headings—repatriation and relocation.

With respect to repatriation, the records show that 6,892 adults voluntarily signed requests for repatriation covering a total of 10,632 persons; while 4,527 adults have requested cancellation of their applications for repatriation, covering also their 1,786 minor children.

I would like to review the situation with respect to compulsory repatriation.

After the Prime Minister on December 17 last explained in this house the purpose and scope of the three orders in council dated December 15, 1945, providing for deportation and repatriation of Japanese, strong representations were received not only asking for a review of the programme but challenging the validity of the orders.

As a result, the government in January 1946, made a reference to the Supreme Court of Canada for an opinion as to whether the orders in council were ultra vires in whole or in part.

The supreme court upheld the validity of the orders except as they affected the dependents of deportable persons.

The judgment of the court was not unanimous. At present an appeal to the privy council from the supreme court ruling is being taken by a committee on behalf of the Japanese. The government has accordingly considered it advisable to suspend deportation proceedings under the orders in the meantime, but is continuing arrangements for the repatriation of those who wish to go to Japan on a voluntary basis.

[Mr. Mitchell.]

Including a sailing on August 2, 3,151 Japanese have left Canada for repatriation to Japan. Hundreds more have expressed a desire to go and they will be accommodated as soon as we can secure another vessel.

Now with respect to relocation, since the beginning of April more than 2,000 Japanese who desired to remain in Canada were moved east for resettlement and employment.

At present there are 21,100 Japanese in Canada, of whom a little less than fifty per cent remain in British Columbia, with the rest about equally divided between the prairies and eastern Canada.

All employable Japanese with few exceptions are in useful employment on a self-supporting basis at prevailing wages.

It is hoped that relocation will be substantially accelerated by the evidence of increased desire on the part of the Japanese to cooperate, and the growing appreciation by the public of the wisdom of the government's dispersal programme.

An effort is being made to resettle as many as possible in smaller communities and rural areas where they will help to increase production of badly needed farm and forest products, and where the shortage of housing accommodation is not so serious.

Our proposals for this year summarized are:

(1) To repatriate to Japan as soon as possible all those desiring to go voluntarily;

(2) To disperse and resettle across Canada in 1946 those who have proven their firm desire to remain in Canada, by giving them every assistance and encouragement possible, including the progressive relaxation of wartime restrictions;

(3) To delay compulsory deportation until a decision has been handed down by the privy council on the appeal, at which time government policy will be reviewed.

The Annuities Act is administered by the Department of Labour. As of March 31, 1946, there were 151,000 active contracts including 450 group plans.

Total premium payments since the act became operative in 1908 amount to $318,-781,000. In the last fiscal year, 25,500 new contracts were recorded and these with previously existing contracts brought in $46,-900,000.

Canada, as one of the eight states of chief industrial importance, has a permanent seat on the governing body of the I.L.O. This body last met in Montreal in May.

Machinery has been set up for the appointment of international standing committees for seven major industries. This is to enable the I.L.O. to give closer attention to the problem of such industries than is possible at annual general conferences.

Each of these committees is composed of two representatives for the government, two for the employers and two for the workers, from each of the countries interested in that particular industry.

In December last, Canada participated in meetings held in London of two of these industrial committees, those on coal mining and inland transport. In April and May we took part in meetings at Cleveland and Toledo, Ohio, of the committees on iron and steel production and the metal trades.

We shall be represented on the three remaining committees: the first two of which, the building, civil engineering and public works committee and the committee on textiles, will meet in Brussels in October and November next; and the petroleum production and refining committee, which will probably meet in Peru early next year.

Canada participated in a technical maritime meeting held in Copenhagen last November, in preparation for the 28th session of the international labour conference which met in Seattle from June 6 to 29 to consider the setting up of international minimum standards for the employment of seamen.

We sent a tripartite delegation to the third labour conference of American states members of the I.L.O. which was held in Mexico city last April.

In September Canada will be host to the 29th session of the international labour conference, the first of such conferences ever to be held in this country.

I now ask that the following statistical statements be reproduced in *Hansard*:

(1) Cases submitted to the national and regional war labour boards.

(2) Decisions rendered by the national and regional war labour boards.

(3) Wage trends.

NATIONAL WAR LABOUR BOARD

Types of Applications received by the National and Regional War Labour Boards under P.C. 8253, P.C. 5963, P.C. 9384 and P.C. 348—from November 15, 1941, to April 30, 1946.

—		Wage increase	Cost of living bonus	New positions	Vacation with pay	Welfare plan	Wage incentive plan	Miscellaneous applications	Totals
National	C.	1,427	175	834	241	68	95	700	3,540
	E.	595,795	76,496	64,913	324,251	21,013	13,027	422,152	1,517,647
Prince Edward Island	C.	598	5	173	.....	27	8	59	870
	E.	3,786	170	1,409	.....	615	124	928	7,032
Nova Scotia	C.	2,764	161	718	69	132	29	192	4,065
	E.	84,619	11,012	8,657	24,780	9,319	6,836	27,964	173,187
New Brunswick	C.	2,466	102	821	59	99	31	190	3,768
	E.	34,399	7,184	29,609	10,597	8,167	5,374	10,602	105,932
Quebec	C.	13,961	1,145	1,805	1,049	1,363	98	2,381	21,802
	E.	699,282	260,472	209,105	523,297	493,818	14,941	869,029	3,069,944
Ontario	C.	18,598	1,141	6,633	1,122	1,479	364	3,789	33,126
	E.	361,076	137,921	143,198	246,625	166,491	35,311	527,613	1,618,235
Manitoba	C.	5,501	171	2,489	225	348	54	355	9,143
	E.	42,538	4,649	10,344	15,276	20,184	1,394	26,367	120,752
Saskatchewan	C.	7,906	134	2,534	102	100	62	510	11,348
	E.	35,038	5,149	11,932	2,368	6,977	2,126	17,520	81,110
Alberta	C.	4,207	297	2,384	108	267	41	590	7,894
	E.	44,979	14,421	24,951	10,387	22,380	2,604	43,184	162,906
British Columbia	C.	13,015	444	10,376	661	515	77	2,847	27,935
	E.	132,085	15,930	78,748	79,839	36,120	2,416	105,022	450,130
Totals	C.	70,443	3,775	28,767	3,636	4,398	859	11,613	123,491
	E.	2,033,597	533,404	582,836	1,237,420	785,084	84,153	2,050,381	7,306,875

C.—Number of cases.
E.—Number of employees.

NATIONAL WAR LABOUR BOARD

Decisions Rendered by the National and Regional War Labour Boards Under P.C. 8253, P.C. 5963, P.C. 9384 and P.C. 348—From November 15, 1941 to April 30, 1946.

—		Granted in full	Granted in part	Denied	Total applications
National	C	2,840	465	235	3,540
	E	935,958	414,069	167,620	1,517,647
Prince Edward Island	C	840	7	23	870
	E	6,753	86	193	7,032
Nova Scotia	C	3,299	456	310	4,065
	E	98,267	31,858	43,062	173,187
New Brunswick	C	3,265	389	114	3,768
	E	84,115	15,327	6,490	105,932
Quebec	C	20,018	688	1,096	21,802
	E	2,546,737	199,933	323,274	3,069,944
Ontario	C	26,552	4,442	2,132	33,126
	E	1,116,000	317,178	185,057	1,618,235
Manitoba	C	8,529	379	235	9,143
	E	105,896	6,880	7,976	120,752
Saskatchewan	C	9,665	1,243	440	11,348
	E	65,862	10,118	5,130	81,110
Alberta	C	6,129	835	930	7,894
	E	108,583	22,758	31,565	162,906
British Columbia	C	22,631	2,908	2,396	27,935
	E	285,532	70,169	94,429	450,130
Totals	C	103,768	11,812	7,911	123,491
	E	5,353,703	1,088,376	864,796	7,306,875

C—Cases. E—Employees.

WAGE TRENDS

Total Salaries and Wages, Index Numbers of Employment and Index Numbers of Wage Rates in Canada for the period 1938-1945

	Salaries and wages[1]	Index Numbers Employment[1] 1926=100	Index Numbers Wage Rates[2] 1939=109	
1938	$2,449,000,000	111·8	99·6	
1939	2,540,000,000	113·9	100·0	
1940	2,860,000,000	124·2	103·9	
1941	3,530,000,000	152·3	113·1	
1942	4,233,000,000	173·7	122·5	
1943	4,790,000,000	184·1	132·8	
1944	4,983,000,000	183·0	137·5	
1945	5,007,000,000	175·1	140·3	(Preliminary figure)

1 From dominion bureau of statistics. The wage and salary figures do not include payments to the armed forces.

2 From Department of Labour. The figures include cost of living payments.

Note: The index numbers of wage rates apply to wage rates only, not salaries.

The changes shown by the index numbers of wage rates are not necessarily reflected in the total wages and salaries earned as total earnings are affected also by the changes in the size of the working force (employment index) and by the shift from "short time" in depression years to "overtime" in boom years.

[Mr. Mitchell.]

Mr. CRUICKSHANK: I want to speak on behalf of, and, I believe, with the authority of the Minister of Veterans Affairs. So far as he is concerned, I believe he would support me in saying that we have no desire for a return of the Japanese to our province.

Perhaps I may be permitted to digress for a moment. I regret that Canada is to lose from its capital city a good friend, a friend of all Canada, in the person of Torchy Anderson who, I am pleased to say, is coming to British Columbia. He does not always take my advice, although I think he should. There have been occasions, however, when he has taken it, and when he has taken it he has never missed a bet. However, the Southam press is not losing a bet.

To return to my original subject, let me say that the Minister of Veterans Affairs has made a statement which every member from British Columbia will support—"No Japanese for British Columbia".

Mr. MacINNIS: It has been said that the Minister of Labour has one of the most difficult departments of government to administer. I have no doubt as to the difficulties of his department, but I regret that both at this session and at the last we have had to deal with estimates of the Department of Labour on the eve of prorogation. I recall the closing of the session last year, when his estimates were before us, and it was just such an occasion as this.

If the estimates of the Department of Labour had come before this committee at a time when we were not rushing to prorogue, there are enough information, criticism and suggestions to make to keep us going for several days. However, in view of the general desire to finish to-night or to-morrow, I shall be brief in what I have to say. As a matter of fact I shall deal with only one matter, and with it as fairly as I can.

For more than a month and a half, the attention of parliament and of the country has been focussed on the industrial situation which prevails because of labour-management disputes. The minister made reference to that in the statement he read to the committee. In the forefront of those disputes is the stoppage of work in the basic steel industry. That dispute has received attention in the house on several occasions, as well as having been aired for several weeks before the standing committee on industrial relations. However, the dispute is still in operation, with results which verge on the disastrous for the country.

In my opinion the government should do something about it as quickly as possible. Every day the strike continues, the country is losing much needed production; workers are losing income; merchants and others are losing business. What is perhaps the worst factor is that the public generally are losing faith in democratic institutions. Consequently I say with all the earnestness of which I am capable that, before parliament prorogues, we should have assurance from the government that this dispute will be settled as quickly as that can be done. As a basis for settlement I would urge the acceptance of the proposals made to the industrial relations committee by the representatives of the steel workers.

Since these stoppages of work began, I have said on many occasions that the disruption of production was far more detrimental to industry and to the country's economy—this is my opinion for what it is worth—and was far more inflationary than the increases asked for could possibly be. Slowly that idea or that point of view is getting over in the country. I could read editorial opinions which have appeared in newspapers and periodicals from one end of this country to the other in the past week or so. These are in support of the contention I have just made.

Mr. LENNARD: What papers?

Mr. MacINNIS: One of those good Conservative papers published in Ottawa.

Mr. McLURE: All Conservative papers are good.

Mr. LENNARD: Several in Ottawa.

Mr. MacINNIS: Yes, published in Ottawa. The following editorial appeared in the Ottawa *Journal* of August 29:

End this steel strike!

This prolonged steel strike, with sensational predictions of trouble (so far false) born of still more sensational reports about dominion police being flown from far parts to Hamilton, is doing grave harm to Canada. Not merely are we getting ourselves into the mood of war; we are shoving this country into a position of possibly irreparable harm.

Britain and the United States are going ahead; keeping their people at work, producing goods, getting export markets. Here in Canada our three basic steel industries are idle, other dependent industries are closing, our reconversion programme, including desperately needed housing, is bogged down. If this situation continues, we shall find ourselves in chaos.

Why? Simply because the government has drawn a wage line (exclusively in the case of steel) across a piece of paper and said that to cross that line will bring inflation. The thing doesn't seem to make sense.

Yesterday came a dispatch from Vancouver saying:

"The wheels of production speeded ahead today in vital British Columbia industry, strike threats removed with the granting of pay increases . . . to more than 5,000 workers . . . increases ranging from 13 to 20 cents an hour."

If my Conservative friends would read the Conservative press they would know that.

Mr. LENNARD: I just asked what papers the hon. member was referring to. I asked only for information.

Mr. MacINNIS: I took it in the way it was asked, and I do not think my hon. friend was asking for it in just the way he says. He thought I could not come through with the goods.

Mr. LENNARD: Not at all; I expected you would come through. I asked only for information.

Mr. MacINNIS: Along the lines of this editorial, I would urge the minister to take action. The Ottawa *Journal* of August 29 contained a dispatch from Vancouver relative to the approval of certain wage scales by the regional war labour board of British Columbia. This dispatch reads:

> Now the board has sanctioned increases for shipyard workers, steel workers, construction men, mechanics, printers, plumbers and dredge operators, who receive the top boost of 20 cents an hour. The board also approved a 40 hour week, instead of 48, for practically all workers.
>
> The largest group—2,000 men—comprises shipyard workers, in the wooden boat yards, who get a 15 cent an hour raise, and next come building trade workers — 1,400 — including plumbers, steamfitters, painters, bricklayers and shinglers, with a boost of 18 cents an hour.

Note that in all cases the increases are from thirteen to twenty cents an hour, and the reduction in hours is from forty-eight or forty-four to forty, perhaps not in all cases to become effective immediately, but as a part of the agreement. One of the Ottawa papers of a day or two ago contained an item from Cornwall, Ontario, reading:

> Increases in hourly rates for shift workers range from 13·7 to 27·5 cents an hour and for day workers from 13 to 21·5 cents. Rates for boys and girls are increased 10 cents. Time and a half is to be paid for work on Saturdays and double time on Sundays. Weekly hours of shift workers are reduced from 48 to 42 and for day workers from 48 to 44.

I mentioned that the proposals made to the industrial relations committee by the steel workers for the settlement of the steel strike should be accepted. I notice that press items dealing with the steel strike state continually that the steel workers demand a 40-hour week. That is not correct; in the proposals made to the industrial relations committee by their representatives they agreed to continue on a 48-hour week in order to get a settlement and in order to give the companies time to find the necessary personnel. I should like to read briefly from the submission made to the committee, as follows:

> The union is anxious to assist in increasing actual production during the coming months, as urged by Mr. Donald Gordon.
>
> The union firmly believes that shorter hours are needed now, that shorter hours would increase efficiency and that there would be no shortage of men for the steel industry if wages and working conditions were more attractive.
>
> We are as determined as we ever were to avoid the paradox of some men working long hours while others go unemployed.
>
> However, as previously stated, the union is willing to give the employers more time in which to find personnel and arrange new schedules.
>
> On the basis that we are still in a period of reconversion and readjustment, the union, with reluctance and with some misgivings, will yield to the companies' claims that the 40-hour week cannot be established immediately or in one step.
>
> It is important, however, that the principle of shorter hours be recognized.
>
> We therefore propose that a work-week of 44 hours be made effective as of April 1, 1947, with the usual penalty for overtime.

I am convinced that there are a great many people who talk about the steel strike who do not know about that concession.

In settling this dispute I would urge the government and the Department of Labour to be imaginative and generous. In the natural order of things this strike will leave an aftermath of bitterness particularly in Hamilton, perhaps altogether in Hamilton—more than usually the case of strikes. A number of the workers remained at work in the plant. While in the plant they received triple pay. After the dispute is settled, any gains in wages and improvements in working conditions won by the union men, who have made sacrifices in the loss of wages and suffered other inconveniences, will also go to the employees who cooperated with the steel company in opposing those high wages and better conditions. Under those circumstances, is it not understandable that there will be bitterness?

I received a copy of a brief that was sent to the chairman of the industrial relations committee from the Montreal chamber of commerce. First, they stated that during the past few years organized labour has made great gains in wages and improved conditions. Then they make most emphatically the point that they are opposed to forcing workers to become members of a labour union; in other words, opposed to any form of union security. In replying to their letter and the brief, I said that I would agree with them provided that they would agree with me that the conditions won by the union men went only to members of the union. That seems to me a reasonable proposition, because I do not believe that people who not only refuse to strive for better

conditions, but oppose better conditions should have those advantages when other men have worked and sacrificed to gain them. I am sure that that was in Mr. Justice Rand's mind when he proposed the "Rand formula" in the Ford dispute last year. I would, therefore, urge upon the minister—and I say this without any thought of criticism in my mind, because I am sure he is just as anxious to have this strike settled as any person here can be—that he assure this committee that he will do everything within his power to settle the strike with as little delay as possible, and that no attempt will be made to try to prolong a settlement in the hope that the strike will break. When that is done I would make this proposal to him which I have made in the house on several occasions.

I believe it is fundamental, if we are to have peace in industry, that we must have cooperation between the parties who are responsible for operating industry. When the minister gets some sort of settlement and industrial stability throughout the country, I would urge that he solicit the aid of organized labour and of organized employers to cooperate in expanding production to the limit. So far as organized labour is concerned, I am satisfied that that cooperation will be forthcoming if the minister will do two things, and he will need to have the assistance of the employers in doing these things. First, let the workers be taken into the employer's confidence and let them know what the purpose of the production is. You cannot have intelligent men and women cooperating with you if you refuse to deal with them as intelligent men and women and treat them as mere cogs in a machine. Then, and in this he will have to have the support of the government as a whole, the minister will have to give assurance to organized labour that when they have expanded production to the point that supply has overcome demand and surpluses have begun to accumulate they will not find themselves in the ranks of the unemployed, living on the meagre subsistence provided by unemployment insurance or on civic and provincial relief. If the minister can do that I believe that we shall be in a fair way to eliminate much of our labour troubles.

Mr. MITCHELL: I think it can be truthfully said that we have been reasonably successful in the last four or five years in fostering agreements between employers and employees. I have said before in this house that you cannot call a man a scoundrel to-day and expect him to sit down with you to-morrow and make an agreement, and that cuts both ways. I have always felt that wages should be just as high as the traffic can bear. It is the unit of production per individual that spells wealth or poverty to a nation, and that should be preached to everybody in the country whether he is in the agricultural structure or in the industrial structure. My hon. friend can rest assured of this, that anything I can do physically or mentally to bring this dispute to an end will be done.

Let me add this. I think the first duty of a person within the confines of this nation or any other democratic nation is cooperation within the state. I am convinced of this in the light of what my hon. friend has read this evening, that if these organizations had cooperated with the state and used the machinery of the respective boards they might have been just as fortunate as the people in Cornwall or in British Columbia or in other parts of this dominion. There is no substitution for that. I went through this after the last war. I have not much patience with those people in a trade union organization who will tell you, but privately, the fear they have of the communists within the organization. I think the responsibility of putting those people in their place belongs to the organization itself. I remember, as no doubt my good friend the hon. member for Vancouver East does, the battles that took place and all we went through after the last war. In those days this element was called by a different name. They are a type of person that cannot get along with anybody.

In his own organization, may I say, the leadership given to the good solid core of street railwaymen of North America by Bill Mahone, in labour relations between the organization and the employers, would be well worth studying by some people who at the moment are leading youthful organizations in Canada. As I have often said, sooner or later employers and employees in the steel industry have to sleep together whether they like it or not. It happens sometimes with all great union organizations that they go off the rails, but in the main their policies are directed by people who have the vision and the common sense at least to try to see the other fellow's point of view, be he employer or employee, and in those organizations you will find relations of the nature which goes to the building up of our nation as we want it to be. I could quote as evidences of this spirit the record of the building trades, the clothing trades, the pulp and paper industry, and many other organizations of manufactures and men who in this day and age earnestly endeavour to cooperate with each other, and there is

nothing they cannot do and will not do if they will only see the other fellow's point of view. Of that I am convinced.

The hon. member for Calgary West, or perhaps it was Mr. Brockington, said in the committee the other day that ten years from now Stelco will wish that they had had good relations with the steel workers' organization ten years previously. But these thing cannot be achieved overnight. There must be a willingness to cooperate, to see the other point of view, and to establish just conditions within the industry.

I assure my hon. friend that anything I can do I will do to bring about an end of the dispute in this particular industry as well as in any others in which difficulties arise.

Mr. GILLIS: There are just a few words I wish to say. I do not intend to go into the merits or demerits of any of the disputes which are in progress at the present time. The hon. member for Vancouver East has said, I think, all that it is necessary to say on that subject. But there is one aspect of that dispute on which I want to refresh the minister's memory and suggest that he might get it out of the way, as one of the sore spots at the present time. I refer to that differential of five cents in the Sydney plant. I do not look upon that particular question as a matter which comes within the scope of the present dispute, because that question has been before the national war labour board for the past three years, and it should have been settled a long time ago. To the best of my knowledge it is still before the national war labour board, and I think a decision on it is being held up because of the general dispute in steel. The board should handle that differential and render a decision on it as quickly as possible, apart from the general settlement in the steel strike.

The opinion has gone abroad that it is the policy of the government to maintain wage differentials as from province to province. As I pointed out in committee to the minister, a decision made within the past month by the national board practically confirms that. That was the decision in the Amherst case. I am not going into it, but I seriously suggest to the minister that he get in touch with the national war labour board in order to bring about a decision in that Sydney angle of the differential.

The minister's department tabled cost of living statistics with the industrial relations committee as between Sault Ste. Marie, Hamilton and Sydney, and the figures show that the cost of living in the city of Sydney for basic products is twenty per cent higher than it is either in Sault Ste. Marie or in Hamilton. Despite that, there is a differential of five cents an hour in wages as between Sault Ste. Marie, Hamilton and Sydney. The differential should be the other way if you are trying to even up the incomes of the steel workers.

That is all I am going to say on that. But I would earnestly suggest to the minister that he do something about that differential apart from the general settlement in steel, because it does not belong to the general question. It has been before the board for three years, and a decision should be made.

The matter of the steel workers' strike and all the other disputes is, the minister said, a matter between the state, the union and the companies. We have done all we can in this house; if talking would have cured the situation it would have been over long ago. All we can do at this stage of the game is to leave it to the good judgment of the people concerned to bring about a settlement in the best interests of all concerned.

On the minister's estimates from item to item there are a few questions I wish to ask him.

Mr. KNOWLES: Before this item carries, I should like to say a few words about a matter which I have raised in this house a number of times. I refer to the claim of certain employees of the Canadian Pacific Railway Company and other Canadian Pacific companies for pension rights denied them because of participation in certain strikes back in 1918 and 1919. It is unnecessary for me to give the whole story behind this issue because I have already placed it on the record of this house on a number of occasions. The first time I raised it was on May 1, 1944, and I continued to bring the matter to the attention of the government in the hope that something might be done. At long last, on April 12, 1945, the Prime Minister gave me the assurance, in answer to a question on the orders of the day, that consideration would be given to a request made by certain unions, representing some of the men involved, for the setting up of a royal commission to go into this whole question. Shortly after the Prime Minister gave me that assurance in the house, I got in touch with him by letter, pressing for the immediate implementing of his promise, and a few days later received from him a letter under date of April 17 in which he again assured me that the request would be—and I quote—"carefully considered with a view to determining whether or not the appointment of a royal commission would in fact contribute to the solution of the problem". Following that promise made by the Prime

Minister, the Department of Labour appointed Mr. H. S. Johnstone, a conciliation officer in the Department of Labour, as a special investigator to look into the matter so as to give the government the necessary information to enable them to determine whether or not a royal commission should be established.

Mr. Johnstone's direction to undertake this investigation appears to have been given to him by Mr. M. M. McLean, director of industrial relations, on April 24, 1945. He proceeded forthwith to make his inquiry, and in due course made a report to the Minister of Labour under date of December 7, 1945. I felt very strongly that since the whole matter arose out of a dispute between two parties, once that report had been made it should be presented to the parties concerned. However, at the beginning the Minister of Labour did not agree with me on that point. A copy of the report was sent by him to the Canadian Pacific Railway Company, to which after some months a reply was made, and that reply was tabled in the house. It was not until August 20 that the minister yielded to my request and tabled a copy of the report in the house. It is now known as sessional paper 238-A.

Mr. MITCHELL: My hon. friend should also say that we had copies mimeographed so that he could send them to his friends.

Mr. KNOWLES: As a matter of fact, I was going to get around to that. I am very glad to say that the minister was good enough to meet my request and have about sixty-five or seventy copies of this document mimeographed so that I could send them out, as he says, to my friends. Yes, they are my friends, but they are also persons deeply concerned in this issue.

Mr. MITCHELL: I am sorry; perhaps I should have put it in that way.

Mr. KNOWLES: I might say to the minister that I am already receiving letters back from some of these individuals expressing gratitude for the report and saying that it is extremely encouraging to read this document which was prepared by Mr. Johnstone, and to note his comments and recommendations.

This issue is one with which the minister and I at least are familiar. It is one that involves a good many questions and a good deal of factual material. It is also a matter of deep human interest, one that concerns a great many workers who feel that they have been dealt with most unjustly. It is in essence a dispute between certain employees of the Canadian Pacific and the company. In my previous remarks in the house on this matter I have gone into the merits of the dispute between the employees and the company. What I have had to say makes it clear that, in my view, the case is all on the side of the men, but I rise at this time not to repeat the arguments that I have made in the past on behalf of the men with respect to their dispute with the company, but rather to deal with the issue that now faces the government.

The request which was made to the government in the spring of 1945 came from a number of unions, the brotherhood of railroad trainmen, the brotherhood of railway and steamship clerks, the international association of machinists, the brotherhood of express employees, and, I believe, the Canadian merchant service guild. That request was for the appointment of a royal commission. The reply of the government was that they would have to look into the matter to determine whether or not the royal commission should be established. That preliminary inquiry was made by Mr. Harris Johnstone of the Department of Labour. He has now made his report back to the Minister of Labour, and it is in this document to which I have referred, which the minister had mimeographed for me. It is a definite recommendation that such a royal commission should be established. I think I should read one or two paragraphs from the report to indicate how definite is the recommendation and also something of the tone of what Mr. Johnstone has found. In the first paragraph he indicates the nature of the task which was given to him, saying in part:

> I was told that you would like me to forward the results of that investigation with the recommendation so that with this information at hand you could determine whether or not to recommend the appointment of a royal commission.

That was the task given to Mr. Johnstone. At page 17 of his report, just before he signs his name, he measures up to the task which was given to him in this concluding paragraph:

> It is the opinion of the undersigned that the employees have established strong claims for consideration. The nature and extent for adjustments, if any, cannot be determined except by a more exhaustive analysis than was possible, or even contemplated in this preliminary investigation. I would therefore recommend that a royal commission be established to examine into the whole question to determine what, if any, consideration should be granted, and if so, then to whom and in what manner pension adjustments should be made.

Some hon. MEMBERS: Twelve o'clock.

Mr. KNOWLES: Mr. Chairman, I hear hon. members calling attention to the time. I have a little more to add to this, but I am prepared to do so to-morrow.

Mr. MITCHELL: Go ahead and finish it.

Mr. GILLIS: Finish to-night while we are here.

Mr. WARREN: We will let you put it on the record.

Mr. KNOWLES: Those two paragraphs, being the first and last of Mr. Johnstone's report, indicate—and I want to get this clear, even at the risk of seeming to labour the point—that his job was to give complete information to the government and to give them his recommendation as to whether or not a royal commission should be established. He went into all phases of the question and made a specific recommendation that a royal commission should be established. In the course of his report he gave a summary of a number of the arguments and discussions which he had with those whom he interviewed. This is a typical paragraph which appears on page 15:

> Another argument has to do with the employees' equity in pensions. The employee organizations assert that during wage negotiations the company always pointed to the pension plan as one of the benefits accruing by reason of their employment with this particular concern. The company officials interviewed stated that they had never heard pensions being discussed in this manner during wage negotiations. The unanimity of the employees on this point makes it difficult to accept the company's statement. It is hard to imagine wage discussions occurring wherein the pension plan was not mentioned in this way. Any established plan of this nature, whether wholly company contributory or not, when maintained for a time becomes one of the established working conditions, and together with the actual wage paid they form the remuneration earned by the employee. The employee argument therefore that by each year of service he is building up deferred earnings in a pension is one which has considerable weight. To be deprived of past earnings by reason of absence on strike, or absence during a strike, does not seem to be equitable treatment, and all the more so when the decision is made by the party which will thereby save large sums of money as a result of rigid adherence to this rule.

That paragraph is taken from the body of Mr. Johnstone's 17-page report made just shortly before he gave his definite recommendation. Appended to the 17-page report are to be found another forty-nine pages of appendices in which Mr. Johnstone gives summaries of his discussions with all the parties he interviewed, and the interesting thing to note is that Mr. Johnstone did not interview just those on one side of the issue. He interviewed some eight or ten trade union organizations representing the men. He interviewed, on the other hand, the Canadian Pacific Railway Company, the former Dominion Express Company, now the Canadian Pacific Express Company, and, in addition to these parties on both sides of the dispute, he also interviewed representatives of the Canadian National Railways, the Manitoba government, the Manitoba telephone system and the Winnipeg municipal employees, including policemen and firemen. The reason for his interviews with these latter people is that those of us who have been speaking on this matter have pointed out time and again that these were employers whose employees were on strike in Winnipeg at the same time and who have treated their employees more generously or, as some of us think, fairly in the matter of pension rights. So that his report represents, as the minister will have to admit—he says he has one of the best departments of government and therefore he will have to stand by this report—an exhaustive study of the whole matter. In my view we have reached quite a point in this whole dispute, although it dates back to 1919, to have secured the preparation and public release of this document, which covers it so well. In the meantime, between last December, when the report was made, and August 20, when it was tabled, a copy of the report had been sent to the Canadian Pacific Railway Company, and a reply was received by the minister from Mr. W. Manson, the vice-president of the Canadian Pacific Railway Company in charge of personnel. That reply was dated May 26, 1946, and a copy of it was laid on the table of the house, being sessional paper 238, on June 26 of this year. The significant paragraph in Mr. Manson's reply to Mr. Johnstone's report is this:

> I note that Mr. Johnstone recommends the appointment of a royal commission to examine into the questions dealt with in the report. Such a recommendation in the circumstances involves such fundamental and far-reaching consequences that it ought to be rejected by the government.

Mr. Manson goes on in about three pages of his own letter to set out his objections to Mr. Johnstone's recommendations, and then adds a memorandum, which I believe was prepared by someone in the legal department of the Canadian Pacific Railway Company, which attempts to answer the points in Mr. Johnstone's report.

Now here is the situation. This is a dispute between the employees on the one hand and the Canadian Pacific Railway Company on the other. The employees have asked for a royal commission. The company objects. I suppose, one might say that is a natural position for the two sides to the dispute to take, and so the government has stepped in with its impartial investigator, Mr. Harris Johnstone, who has made this exhaustive study and has come out with the definite recommendation that a royal commission should

be set up. I wish to make it clear to the minister that I have deliberately refrained to-night from arguing the merits of the dispute between the men and the company because I do not want the minister in his reply to spend too much time on that. The issue now is whether or not the government is going to carry out the recommendation made by Mr. Johnstone. There it is. It comes from a conciliation officer in the Department of Labour. During the time when I was trying to get the minister to table that report, during the months when he was unwilling to do so, one of the arguments he used for refusing to table this document was that, in order to get civil servants such as Mr. Johnstone to prepare an authoritative and useful report and really give all the information that was desired, it was necessary to guarantee to such a civil servant that his report would be treated as confidential. Well, that cuts both ways. It means that since the minister did not want to table the report—

Mr. MITCHELL: If my hon. friend wants, I will answer that in a moment. He is treading on dangerous ground. I will give the answer in two minutes if he is not careful.

Mr. KNOWLES: Never mind the threats. I am simply trying to show the minister that on the basis of his own argument this report is an excellent one. It is one that was prepared under the most favourable circumstances for the preparation of a good report; and there it is, obviously complete in its survey, because the arguments are there from both sides. But the upshot of the whole investigation is a clear-cut recommendation that the commission should be established. Against that is the objection of the Canadian Pacific Railway Company. I submit that the objection of the Canadian Pacific is itself offset by the request of the men, and the impartial viewpoint of the whole matter is that of Mr. Johnstone in his recommendation to the minister. The question I now put to the minister, and the question which is coming to me from the unions of the men represented, is whether or not we may expect the government to carry out the recommendation which was made in Mr. Johnstone's report for establishing a royal commission with terms of reference such as those suggested in this official document.

Mr. MITCHELL: The answer to my hon. friend is contained in the following reply:

> The matter is being given consideration by the law officers of the crown and the decision has been reached that the appointment of a royal commission would serve no useful purpose.

That is the answer.

Mr. MAYBANK: Mr. Chairman—

Mr. LENNARD: Surely we are not going to be here all night.

Mr. MAYBANK: No one is going to be here all night because of the very few minutes that I am going to take. This subject is one in which I have been interested for a number of years. I should like to have seen some further inquiry into it, and I have been working to that end for some time. Just before the Prime Minister left here for the peace conference, I had with him, I was going to say a rather lengthy interview, but an interview at all events, together with the vice-president of the brotherhood of railway trainmen, on this subject, with a view to asking his consideration of the matter on his return. There the matter at that time stood. I have often thought that much might be said on the subject, but on the other hand I felt that situations are sometimes not aided by too much speech. I think, however, it is only right that I should put on the record the fact of this interview and the sympathetic hearing given by the Prime Minister at that time. I know, of course, that when he comes back there will be the utmost further consideration given to it that can be given. I just wanted the committee to be made aware of those facts.

Mr. KNOWLES: I should like to confirm what the hon. member for Winnipeg South Centre has just said about the sympathetic ear given by the Prime Minister to appeals in connection with this matter. The Prime Minister gave me an interview similar to the one referred to by the hon. member, and likewise made it clear that the door would not be closed in connection with this matter. I may also confirm what the hon. member has just said about the vice-president of his own organization, the brotherhood of railway trainmen. He told me of the sympathetic hearing that was given when he saw the Prime Minister just before the Prime Minister left for overseas. That is good, but the men concerned want more than sympathy; they want action; they want their pensions.

Mr. LENNARD: Mr. Chairman, we agreed to hear the hon. member out. We sat here and gave him a good hearing. But we do not want another 40-minute speech piled on top of that.

Mr. KNOWLES: It is immaterial to me whether it is done to-night or to-morrow morning.

Mr. LENNARD: You said you wanted a few minutes.

The CHAIRMAN: The hon. member will probably complete his remarks in a few minutes.

Mr. KNOWLES: May I say to the Minister of Labour that I have all kinds of respect for the Department of Justice. But it seems to me that the opinion he has just expressed as coming from that department—"No useful purpose would be served"—if that was the wording of it, is a matter of opinion for the government to take, and is not a legal ruling. If he were quoting from the Department of Justice as to whether there was a constitutional right to set up a royal commission, then I could understand his quoting from that department. But when it comes to a simple opinion as to whether a useful purpose would be served, clearly that is a matter for the government itself to deal with. I would suggest that they have had the proper recommendation from the man who has really gone into the matter in the person of Mr. Johnstone.

Mr. MITCHELL: I will say this, that when you break a contract, then that is the end of the contract.

Mr. KNOWLES: But—

Mr. MITCHELL: Now, you sit down. I have listened to you for forty minutes. I shall be through in a couple of minutes. I told my hon. friend I would say this. I have a vivid recollection of what took place in Winnipeg in 1919. I have, I think, an understanding of the pension system in the C.P.R. at that time. These men broke a contract. The money belonged to the C.P.R. I do not think that by an act of parliament—well, of course under our constitution, you can do anything by act of parliament—but it will be remembered that these people broke their contract. The money belongs to the C.P.R. It was a contributory pension system. I know what I am talking about.

Mr. KNOWLES: Far be it from me to help you out, but it was a non-contributory system.

Mr. MITCHELL: Non-contributory, I should say. The money was paid there, and was contributed by the C.P.R. I do not know how you can get a private organization to spend money arising out of a breach of contract. I am not a lawyer, but it is as clear as crystal to me that all the commissions in the world cannot, in my judgment, make that company pay something which arose out of a breach of contract.

Some hon. MEMBERS: Time.

Mr. LENNARD: This has gone on long enough.

[Mr. Lennard.]

Mr. KNOWLES: I stayed away from arguing the merits of the dispute itself between the men and the company, just to avoid this kind of thing. But if the minister insists upon raising it, then I will simply point out that that is one of the questions in dispute. That is one of the reasons for having a royal commission, namely, to determine whether or not these men in fact have forfeited their right to their pensions.

The minister talks about its being the company's money. That is in dispute, too. The men insist that, since it was part of what they were working for, they had an equity and the money is really theirs. I agree thoroughly with the men.

I could go on, but the point is as to whether or not the government will set up this royal commission. If the most we can hope for is the sympathetic hearing we have had from the Prime Minister, then I hope that on his return the government will get together and give immediate consideration to Mr. Johnstone's report. I urge as strongly as I can that the commission be established without delay.

The CHAIRMAN: Is the item carried?

Mr. BRACKEN: I would not suggest that this discussion be dropped, if it is the desire of the hon. member to continue it. But I suggest if it is to be continued it should not be continued to-night.

The CHAIRMAN: I understand that the particular matter has been concluded. May we carry vote 109 to-night?

Item agreed to.

The CHAIRMAN: Item 110.

Mr. BRACKEN: Oh, well, no.

Resolutions reported, read the second time and concurred in.

On motion of Mr. St. Laurent the house adjourned at 12.20 p.m.

Saturday, August 31, 1946

The house met at ten o'clock.

PROROGATION OF PARLIAMENT

MESSAGE FROM THE GOVERNOR GENERAL'S SECRETARY

Mr. SPEAKER: I have the honour to inform the house that I have received the following message:

Government House, Ottawa
Office of the Secretary to the Governor General
August 31, 1946.

Sir:

I have the honour to inform you that The Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as deputy of His Excellency

the Governor General will proceed to the Senate chamber to-day, the thirty-first of August, at 4 o'clock, p.m., for the purpose of proroguing the present session of parliament.

I have the honour to be,
sir,
Your obedient servant,
F. L. C. Pereira,
Assistant Secretary to the Governor General.

The Honourable the Speaker
of the House of Commons,
Ottawa.

BUSINESS OF THE HOUSE

SUGGESTED ADJOURNMENT INSTEAD OF PROROGATION

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): In view of the seriousness of present conditions and the possibility that it might be desirable to call parliament or some of its committees together, may I ask the Acting Prime Minister whether consideration has been given to the suggestion of not proroguing parliament but adjourning it, as was done during the war.

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): No consideration has been given to the suggestion that parliament be adjourned instead of prorogued. I mentioned it to one or two, and there would be some rather serious objection to that course at this time. It was felt that if conditions required the meeting of parliament it could be brought together with sufficient dispatch to care for any situation that might arise.

INQUIRY AS TO DATE OF OPENING OF NEXT SESSION

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): I wish to direct a question to the Acting Prime Minister. Now that we know prorogation takes place to-day, will he inform us when the opening of the next session will take place?

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): I can add nothing to what was said in the house by the Prime Minister on that subject.

PARIS PEACE CONFERENCE

PRESS REPORTS OF YESTERDAY'S PROCEEDINGS

On the orders of the day:

Mr. GORDON GRAYDON (Peel): May I ask the Acting Secretary of State for External Affairs if he has anything to add to the statements which have appeared in the press this morning regarding a rather serious dispute between the Canadian and Russian delegates at the peace conference in one of its proceedings yesterday?

Right Hon. L. S. ST. LAURENT (Acting Secretary of State for External Affairs): I have nothing to add, and my experience would allow me to entertain the hope that if I had further information I might have something to subtract.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF LABOUR

110. Annuities Act, $448,006.

Mr. KNOWLES: I am in support of this act, and the activities carried on under it. However, I wish to ask a question relative to a change which has been made as the result of an item in a recent auditor general's report. As I understand it, until recently the annuities branch was issuing, among its various contracts, what is known as a last survivor contract, either until the death of both of the survivors, or for a guaranteed period of, we will say, ten or twenty years. Apparently the auditor general discovered that there was no authority for the guaranteed provision attached to a last survivor contract, and accordingly the annuities branch has discontinued issuing that kind of contract. I understand there is no question about the rejection of contracts issued prior to the matter being pointed out by the auditor general. These contracts were made by the government and signed, so they are valid. Such contracts however are not now being issued. I am not one to ask that the government do something for which there is no provision through parliamentary legislation, but I should like to know whether consideration has been given by the government to amending the act so as to provide for the kind of contract to which I have referred.

Mr. MITCHELL: The question as to the decision or the opinion expressed in the auditor general's report is under review between my department and the Department of Justice.

Mr. McLURE: Are these annuities sold by salaried men, or on commission? I notice that agents' commissions total about sixty per cent of the vote.

Mr. MITCHELL: They are sold on straight commission.

Item agreed to.

111. Fair wages, conciliation and industrial disputes investigations, $188,974.

Mr. KNOWLES: This item has to do with conciliation and I should like to speak briefly in connection with it. One matter of major

interest to me, in addition to questions I have raised during the course of the session, is the typographical dispute. First I should like to make it clear that this dispute is between certain publishers and a union which is clearly a well-established trade union organization. The minister knows as well as I do that the international typographical union is one of the oldest on the North American continent. I was interested to learn a short time ago that at a banquet held by this union in Toronto in October, 1944, a message was received from the Prime Minister in which he expressed his regret at being unable to accept an invitation to attend. In part he said:

> I regret not being able to be present as at one time I wrote a short history of the international typographical union as a study in trade union methods. It was published in the Journal of Political Economy of the University of Chicago that year. The international typographical union is a model for others to follow.

I was interested in getting from the library a copy of volume 5 for 1896-97 of the Journal of Political Economy, and reading the article on the international typographical union which appears at page 458 and following, written by the present Prime Minister. I mention this only to make it clear that this is not some passing organization which is out to stir up trouble. It is one of the oldest unions on the North American continent, and has been recognized for some time by no less a person than the Prime Minister, as a model for others to follow.

As I understand it, the dispute arose in Winnipeg nearly a year ago when contracts then in existence between the union and the two daily newspapers there were about to expire and it was time to seek negotiation of a new contract. The union in seeking this new contract was desirous of improving its position in the matter of hours of work, take-home pay and certain other conditions—but mainly the first two items I have mentioned. The negotiations had not proceeded very far until something of an impasse was reached. But the publishers made an issue, not out of the things really at stake, namely hours and wages, but rather out of certain words in the contract as proposed by the union. The words were these:

> Provided however local union laws not affecting wages, hours and working conditions, and the general laws of the international typographical union, shall not be subject to arbitration.

The publishers picked out this clause and declared it to indicate in the main two things: (1) that the union was asking for something contrary to the law of Canada; and (2) that the local union in Winnipeg, of which I am a member, was being dictated to by the head office of the international union in Indianapolis. My understanding of the situation is that that was a wholly false position for the publishers to take. In the matter of the second claim, that there was dictation from the head office in Indianapolis, I am in a position to know that decisions all through this dispute have been taken in a democratic way by one of the most democratic trade unions in North America.

When local unions are part of an international union, the minister will know what I mean when I say that that is part of their strength. It is best for them not to be just a local group, but to be part of a nation-wide, and in this instance, a continent-wide organization. They draw from that fact all the strength they can in their struggle with their employers. But the basic decision whether certain conditions should be sought, and, if such conditions are not met, whether the workers should go out on strike, is made by the members of the local union themselves.

With respect to the other charge, that the union was seeking something contrary to the law of Canada, let me say that I take strong exception to it on several grounds. To begin with, there can be no objection to the expression "provided however local union laws"—and please note this part of it—"not affecting wages, hours and working conditions"—and I go on—"and the general laws of the international typographical union shall not be subject to arbitration". In that clause asking for the exception from arbitration of certain laws of the union, specific exception from the exception is made with reference to matters affecting wages, hours and working conditions. Those are, by definition in P.C. 1003, the essential items in a collective agreement so far as Canadian law is concerned. I contend that on the face of it the wording of the clause objected to cannot be called contrary to Canadian law. In addition, similar clauses have been in contracts between the international typographical union and a great many Canadian newspapers for a great number of years. That information is already on *Hansard* for June 26, where the minister gave answers to certain questions which I asked, to be found on pages 2848 and 2849. These were:

> 1. Have any contracts between the international typographical union and Canadian newspaper publishers prior to November, 1945, contained a clause providing in any way for the accepting of the union's laws, not relating to hours, wages and working conditions, from arbitration.

To that the minister replied "Yes."

My next question was:

If so, with what newspapers and dating back how long?

The answer to that question took about two pages, listing newspapers in many cities in most of the provinces of Canada which have had contracts with the typographical union including such a clause. More recently some new contracts have been signed with other papers where no disputes obtain, and there is on *Hansard* a specific answer with respect to one of those, namely, the Ottawa *Journal,* which since the other disputes began has signed a contract including such a clause as this, with one qualification to which I will refer in just a moment.

My contention in all of this is that that clause is not contrary to Canadian law. Furthermore, the proof is found in the many contracts of a similar nature which have existed down through the years. Since that was a point on which an impasse was reached, namely, the wording I have just quoted, an attempt was made—I am not going to discuss now which side took the initiative, or where it came from—to try to reach conciliation on that point. The result was a meeting with officials of the Department of Labour on January 30, 1946, at which were present not only officials of the Department of Labour but representatives of both parties to the dispute. When the meeting was over it was agreed all round that certain words should be added to that clause to which objection had been taken. The clause as amended, and as accepted by the international typographical union, reads:

Provided, however, local union laws not affecting wages, hours and working conditions and the general laws of the international typopraphical union shall not be subject to arbitration except in so far as such arbitration and the results thereof are compulsory under Canadian law.

The addition of those last sixteen words clears away any doubt as to the desire or thought of the international typographical union to do anything contrary to Canadian law. When I was speaking a moment ago about the Ottawa *Journal* I mentioned a certain qualification. I had reference to that last phrase which has been added to the wording of the *Journal* contract.

It seems to me that a mountain has been made out of a mole hill with respect to this clause which has been in dispute. There is no doubt in my mind that that is not the issue. The issue is wages and hours, and also the question whether or not the publishers concerned are as anxious as they might be to see unions in this country strong. At any rate, issue having been made on that point my quarrel with the Minister of Labour—I am going to be quite frank, because it is early in the morning and there is no reason for our losing tempers; on the other hand let us on both sides speak our minds about this; he is a member of this house and he can make his reply—is that throughout the piece he has helped to give credence and strength to the ideas that the publishers—

Mr. MITCHELL: Let us be fair about this; there is no quarrel between my hon. friend and me.

Mr. KNOWLES: I am not sure of that.

Mr. MITCHELL: No, there is not. You are making the quarrel yourself.

Mr. GRAYDON: It takes two to make a fight.

Mr. MITCHELL: When the boys read that back home I do not want them to think that the galleries were filled when you and I had a quarrel. I am not going to quarrel with my hon. friend.

Mr. KNOWLES: The minister and I could have a quarrel even if there was nobody else here at all. Apparently the minister does not like what I am saying.

Mr. MITCHELL: I do not mind; this is a free country.

Mr. KNOWLES: Certainly it is a free country, and I want to keep it so. It seems to me that the duty of the Minister of Labour is to be impartial in matters of this kind. I would hope that once in a while he would really see the workers' side of these things. But despite the fact that from January 30 of this year it was agreed to add that other clause, despite the fact that it was recognized by all concerned, the publishers and printers and labour department officials, that it took care of the matter, the minister kept on saying in this house as late as June 4, as reported on page 2153 of *Hansard,* in answer to a question asked by my colleague the hon. member for Winnipeg North, that the basic issue was the desire of the union for something that was contrary to Canadian law. That is the idea the publishers have been spreading. The minister by making a similar statement—let us face up to this—has made it difficult for the union to establish its case in the eyes of the Canadian public as strongly as was warranted by the facts.

In the meantime certain commissions were appointed to look into this matter. First of all there was a commission headed by Mr.

Justice Major of the province of Manitoba. His report was much along the same line, that the trouble arose from the fact that the union wanted something contrary to Canadian law. I challenge that statement outright, whether it comes from the publishers, from Mr. Justice Major or from the Minister of Labour. The very wording of the clause in the contract does not substantiate that. Furthermore, the agreement made in the office of the Department of Labour on January 30, 1946, wiped out any question about it at all.

A little later another commission was established, this time under Mr. Card. In due course Mr. Card made a report in which he made the same claim, that the trouble arose out of the desire of the union for something that was contrary to Canadian law. He also tried to make the point that the trouble arose because the head office of the union in Indianapolis was dictating to the union in Winnipeg. If there was any truth in these charges one would not be so much annoyed about them, but when they are untrue and are handed out by the publishers, then by the commissioners that are appointed and then are concurred in by the kind of statement the Minister of Labour has made, it makes one wonder how much impartiality there is so far as labour disputes are concerned.

There has been one commission since then, the Lett commission. Brigadier Lett and others were appointed in British Columbia to inquire into the dispute out there between the Vancouver *Province* and the union. As hon. members know, the disputes in Vancouver, Edmonton, Hamilton and Ottawa were sympathetic disputes because the members of the same union in these other newspapers felt that their colleagues in Winnipeg have not been fairly dealt with.

The report of the Lett commission was definite, namely, that the federal Minister of Labour should take steps to bring together the principal parties to the dispute. That has been one of the claims of the union throughout the whole story—that it was not just a local matter to be referred to provincial authorities but a matter of concern to the federal Department of Labour because on the one hand you had a chain of newspapers and on the other a union that is nation-wide.

After the Lett commission report was tabled —I regret to say that the newspapers did not see fit to give it a great deal of publicity—a request was made in the house by the hon. member for Calgary West, and I frankly wonder why he made it, for the tabling of the Card report. That report was tabled by the minister, and although it was actually presented to the minister some months before the Lett commission report, it has been given all kinds of publicity by the newspapers, whereas the same newspapers have given very little publicity to the Lett report. I cannot blame the minister for that, because he does not control the newspapers—somebody may interject, thank goodness for that. The fact is that the impression has been created that the Card report is the last word because it is the most recent one tabled in the house and it is the one which has been given most publicity. That is not true; it is not the last word. And in fact it simply mouths the charges which the publishers have made right from the beginning, that the union was being dictated to from Indianapolis and was asking for something contrary to Canadian law. All of this adds up, as I said, to a distortion of the true picture and my quarrel with the minister—he says we have no quarrel, but we certainly have—is that his statements to us in the house right down to June 4—and his statements since have not been very helpful—have had the effect of giving credence to these charges made by the publishers and supported by the first two commissions established.

Latterly, as I began to put questions on the order paper to get the facts before us, we were able to get the information brought out in public that the union had agreed on January 30 last, to that additional phrase in the contentious clause. We were able to get the information about other newspapers having similar contracts and were able to get attention directed to the Lett commission report. The minister then appointed Mr. Justice Richards as an informal investigator into the whole matter.

Mr. MITCHELL: Mr. Justice Richards is not an informal investigator.

Mr. KNOWLES: I will take whatever word the minister applies.

Mr. MITCHELL: I do not know where my hon. friend gets his language.

Mr. KNOWLES: What would you call him?

Mr. MITCHELL: He is an agent of my own.

Mr. KNOWLES: But he is not a commissioner.

Mr. MITCHELL: We have appointed three commissions already.

Mr. KNOWLES: Three?

Mr. MITCHELL: This would be the fourth.

Mr. KNOWLES: Let us get our arithmetic straight. How do you mean—three already? Two at Winnipeg, and one at Vancouver?

Mr. MITCHELL: I will settle for three.

Mr. KNOWLES: There have been three—

Mr. MITCHELL: And this is the fourth.

Mr. KNOWLES: It would be if it were a commission. No man who has taken part in industrial conciliation stands higher in repute in this country than Mr. Justice Richards. I made my enthusiasm vocal by shouting "Hear, hear" when the minister announced in the house that he had asked Mr. Justice Richards to look into this dispute. But again, Mr. Chairman, a report has recently been made public by the Minister of Labour which cannot help but annoy the members of the international typographical union, particularly in view of their past feeling that the whole picture has been distorted. Why does that report annoy them? Because it has been discovered and announced that Mr. Woodruff Randolph, president of the international typographical union, was not able a week or so ago to attend a meeting of the Southam people and Mr. Justice Richards. The reason for that is clear but was not indicated. Mr. Randolph has been at Miami for the 88th convention of the international typographical union, and it was obvious therefore that he could not meet with the publishers at that time. But the statement that has been released by the minister that Mr. Justice Richards is not able to get the parties together because Mr. Randolph cannot come gives the impression that the fault is on the workers' side. That is my quarrel with the minister. I hope some day when he retires and has time to look over his past that he will read his speeches—

Mr. STEWART (Winnipeg North): That is unfair.

Mr. KNOWLES:—and see how many times he has made statements that have tried to put the workers in the wrong. He did it again last night when discussing the C.P.R. dispute. The only contribution the minister made was to say that the workers had broken a contract. I am not going to raise that question again this morning, but I will in due course. That is one of the points in dispute, for the men feel very strongly that the so-called contract was a one-sided arrangement made by the company.

Throughout this whole typographical dispute there has not been that impartiality which the minister claims he has shown, but there has been consistent support given to the position taken by the publishers. If the minister wants to be helpful in this dispute I suggest that he let it be known that he knows that the unions are not being dictated to by head office in Indianapolis. He is a trade unionist and know. how these things work. Let him also let it be known that the union is not asking for something contrary to Canadian law. The wording worked out in the office of the Department of Labour on January 30, and acceptable to all concerned makes it very clear that the union is not asking for anything that would require an exception to be made to the laws of this country.

Mr. MacINNIS: I am not going into this matter at any length because the hon. member for Winnipeg North Centre has covered it fully. When I hear him speak I realize that he made a mistake in not studying for law instead of the ministry.

Mr. McCANN: Saving money instead of souls.

Mr. MacINNIS: There may be something in the remark made by the Minister of National Revenue. I would hate to be the lawyer opposing my hon. friend and I would dread to be the culprit he was prosecuting in the court.

Mr. GRAYDON: How would he do for a judge?

Mr. MacINNIS: He has made a very fair presentation of this case. I am interested in this dispute both as a trade unionist and because the Vancouver *Province,* a Southam newspaper, published in my own city, is involved in the dispute. I would urge the minister to do everything that can be done in the circumstances.

The point raised by the hon. member for Winnipeg North Centre as to dictation from the international head office is a most peculiar one for the Southam company to raise. There are several international unions in every printing shop. There is the typographical union, the pressmen's union, the stereotypers' union, the mailers' union. All of these are separate craft unions. The publishers in Vancouver who are accusing international headquarters of dictating to the typographical union appealed to the head office of the stereotypers and pressmen to order the men back to work. The Southams just cannot have it both ways. If it is wrong for the typographical union to dictate to its members, it is equally wrong for the pressmen's international officers to dictate to the pressmen and for the stereotypers' international office to dictate to the stereotypers. We must be reasonable in these matters. So I just add my voice to the excellent plea which the hon. member for Winnipeg North Centre has made, that the minister use

all his influence, both as Minister of Labour and as trade unionist, to get a settlement of this dispute.

Mr. MITCHELL: The hon. member for Winnipeg North Centre made a long speech, and it occurred to me that I might, in reply, read this document into the record. Let me say to the hon. member for Vancouver East that I cannot understand why any employer would find fault with any man belonging to an international trade union. I imagine nobody finds fault with bankers having international affiliations, or with members of service clubs which have their headquarters in some other country. It has been my experience that the greatest stability prevails where you have a strong international organization, whether it be in labour or in any other field of endeavour. I think this can be truthfully said, that in contributions to good fellowship between Canada and the United States the labour organizations have done more than any other organization in existence. I cannot go along with those who would criticize any individual for belonging to an international trade union.

There is no question that this has been a difficult dispute, but I would remind the hon. member for Winnipeg North Centre that the Minister of Labour does not call people out on strike. That is not his function. His function is to endeavour to settle strikes once they occur. There is only one federal minister of labour in Canada, and I have been in the labour movement long enough to know that he is invariably the target for abuse from both sides. It does not matter how careful he may be in any expression of opinion he may give. To abuse him is the easiest thing imaginable; the practice is as old, I was going to say, as Methuselah, certainly since the inception of the Department of Labour in this country. I think I have appointed more commissioners in this dispute than in any dispute since I have been Minister of Labour. I have a long and close relationship with the typographical union. I grew up with them in the city of Hamilton; I carry a card in an international organization and attended their international conventions before my hon. friend, I suppose, ever carried a card in the organization.

It has been my steady policy as minister to endeavour to be impartial.

Mr. KNOWLES: That is all I ask.

Mr. MITCHELL: Yes, I know; but I think that if in the Department of Labour the scales are ever tipped, they should incline towards the labour organization. We have done everything we humanly could to settle this dispute. We have appointed these commissioners, and that is why at the moment I am not going to say too much. Mr. Justice Richards is acting on my behalf in an endeavour to bring the top parties together in conformity with the recommendations of the Lett commission, which sat in Vancouver. I do not think I should go any further than that. I could read this record if my hon. friend wishes to hear it. It is a little different from his own, but it is factual. It was not drafted by myself, but by the officers of my department; but in view of the fact that parliament is proroguing to-day I do not think I shall read it.

It is not fair always to accuse the minister of being this or that. Let the case rest on its factual basis. It would be a change if once in a while they would blame somebody else. I should be happy to see the day when the Minister of Labour was right in even some people's point of view. But I believe when the record is read it will be found that this administration has settled more disputes than any previous administration in the history of the dominion. It is quite true that sometimes a dispute will go off the rails, but I am proud of our conciliation service, and I am proud, notwithstanding the opinions of some other persons, of the contributions which my department has made to industrial stability in the last five very difficult years.

Mr. KNOWLES: I am not satisfied with the broad generalizations that the minister has made. He has not given any reply to the factual statements I have made about the basic issues in this dispute and the way in which the whole matter has been distorted. I make a strong appeal to him on behalf of his erstwhile friends in this union that he says he has had a long association with, to realize how deeply they feel about the matter. They believe that he should and I urge him to make a really serious attempt to bring the parties together and get this dispute settled.

Item agreed to.

Unemployment Insurance Act, 1940—

117. Governments' contribution to unemployment insurance fund, $12,500,000.

Mr. LENNARD: Yesterday I received a telegram from Hamilton which reads as follows:

On behalf of Hamilton striking war veterans of Stelco, Westinghouse and Firestone we are firmly convinced that section five, subsection (d) of the Veterans Rehabilitation Act affecting veterans involved in labour disputes is a gross discrimination under which veterans are

deprived of their out of work benefits. We strongly urge that this clause be rescinded as these benefits were granted to veterans for service in the armed forces of their country and in no way should be invalidated by civilian qualifications. Urging an early reply.

Harold Keeton, chairman,
Hamilton Strikers Veterans Committee

It was my understanding as a member of the veterans affairs committee that this privilege was to give the veterans relief for a certain period until they got positions suitable to their requirements, and it ended there as far as any special privileges were concerned. I should like to know from the minister if that is a correct interpretation of the clause.

Mr. MITCHELL: Of course there is the basic law, in the Unemployment Insurance Act, that when persons are on strike they cannot receive unemployment insurance benefits. It is not a question of benefits or anything like that; it is a question of the law as it is.

Mr. MacINNIS: I understand that the chairman of the unemployment insurance commission has resigned, and I should like to know if a chairman has been appointed in his place to complete the commission. Last year when we were discussing the minister's estimates we had a chairman but no commissioners. This year we have commissioners but no chairman.

Mr. GRAYDON: Time to get together.

Mr. MacINNIS: So I suppose when we get a chairman we shall be again without commissioners. Someone must be administering the Unemployment Insurance Act for whom in the act no provision is made. I would like to have a word from the minister as to how it is done.

Mr. MITCHELL: There is a chairman of the unemployment insurance commission. He does not retire until September 30, and my hon. friend can rest assured that on the first day of October there will be a new chairman in his stead.

Mr. GRAYDON: Is the minister in a position to indicate who the new chairman is? I understand the minister has the choice made and the situation is well in hand. He might tell parliament what the situation is.

Mr. MITCHELL: I am afraid I cannot do that. The announcement will be made in due course. I may say, however, that there have been more applications for that chairmanship than there have been for senatorships. If the hon. gentleman were on this side of the house he would realize the trials and tribulations that beset us here.

Mr. GRAYDON: I take it the new chairman is not sitting far from the minister now.

Item agreed to.

Demobilization and reconversion—

531. Dispersal, maintenance and removal of Japanese nationals and other persons of the Japanese race, $4,000,000.

Mr. REID: I do not rise to bring up any controversial question, but I would ask the minister to give us some information about the dispersal of Japanese at the present time throughout Canada. Apart from the differing views we have, I think all are agreed that a dispersal programme is desirable in each province. I should like to know what the figures are and whether representations have been received from any of the provincial governments protesting against Japanese remaining within its borders, or otherwise.

Mr. MITCHELL: First of all, the policy has been to return to Japan those who have voluntarily agreed to go. The other basic policy is one of dispersal of all Japanese throughout Canada. The figures are these:

British Columbia, Department of Labour Settlement	3,080	
Elsewhere in the province	5,572	
		8,652
Alberta		4,172
Saskatchewan		454
Manitoba		1,290
Ontario		5,579
Quebec		1,017
Nova Scotia		1
New Brunswick		10
Newfoundland and Northwest Territories		30
Prince Edward Island		6

There have been repatriated to Japan 3,152. There are approximately only 600 who have so far asked to be returned to Japan, and we are awaiting available shipping to take them there. We have received a letter recently from the Minister of Labour of Saskatchewan, indicating that about 1,000 are being located in camp at Moose Jaw. We have never had that number in Saskatchewan. The number in Moose Jaw is between 300 and 400. He was alarmed at the possible impact of the unemployment situation upon the province by the location in that province of a large number such as he suggested to me in his letter.

Mr. MacINNIS: The matter of dispersal is an important one, and everyone who wishes to see this very difficult problem solved hopes that the dispersal policy, which is the considered policy of the government, will be carried out as expeditiously and as fairly as possible. There are several difficulties, one of them arises out of the restrictions on travel

of persons of Japanese origin in areas in Canada other than the defence coast area. It is understandable that until dispersal is completed or, nearly completed, restriction on the return to the coast area should be in effect. But to have the same restrictions practically in effect in every other part of Canada is not understandable. Let me show the committee how these restrictions operate. A Canadian Japanese living in Saskatchewan had recently to go to Nova Scotia to be admitted to the bar of that province, but before he could move from Saskatchewan, where he is in a responsible position in the civil service, he had to get a permit from the Royal Canadian Mounted Police. Surely such restrictions do not make sense. Remember, this man is a Canadian. He tried his best to get into the Canadian army or into to some other branch of the armed service, but because of the prejudice against him he was unsuccessful. Now he is working as a trusted employee of a government of this country, and in order to be admitted to the bar of another province and to take whatever oath lawyers take he has to get a permit from the mounted police. This applies to every person of Japanese origin moving from one province to another. These restrictions should be completely removed except as regards the return of persons to Pacific defence area.

Then there is the question of disposal of the property which belonged to these people when they were evacuated in 1942, property which it took some of them a lifetime to build up. This is a parliament that believes in private property. The property was taken from these people and sold for a song. I could give a number of instances of what they received out of a lifetime's hard work. Something should be done about it. An application was made to the exchequer court in 1943. This is 1946, and that application has not yet been heard. During this session we have heard a lot about the rights guaranteed to us under magna charta. I understand that one of the assertions in that document is, that rights delayed are rights denied. The courts may be slow, but I suggest to this committee that the courts of Canada are not so slow that they cannot find time to deal with these cases over a period of three years. In August, 1943, the solicitors representing these evacuees made application to the exchequer court, and it is still there. Only God and the exchequer court know when it will be heard. I suggest to the committee that that is not justice to Canadians.

There are a number of other petty restrictions which should be removed at once. Up to a certain point the United States followed the same procedure with respect to the removal of Japanese from the coast area as we did, but they have appointed a commission to investigate the loss of property. Let me draw a parallel which is perhaps not a parallel in all respects. At the beginning of the war certain organizations were banned and classed as illegal organizations. Their property was confiscated. One of these organizations was the Farmer-Labour Temple Association. This association had property all across Canada. There was no question that at the time it was an illegal organization under the Defence of Canada Regulations. After Russia was invaded and came into the war on the side of the allies a cry went up for the restoration of this property to the former owners. A commission was appointed, and while I have not the actual facts before me at the moment, I believe that certain of these properties were bought back from the people to whom they were sold by the government at more than what was received for them and returned to these organizations. I am not objecting to the procedure followed, but I tell the committee that the sale of the property of Canadians of Japanese origin who were removed from British Columbia was far less justified than was what was done in the case of these organizations declared illegal at the beginning of the war. Therefore, I believe a commission should be appointed to see that justice is done in the matter. Advantage should not be taken of the fact that these people are of a different ethnic origin to ourselves, different colour of skin and so on. Let us deal with the matter as we would deal with any other Canadian, and I suggest it be done without the pressure which was provided in the case I have referred to.

Mr. MITCHELL: My hon. friend will agree that when it comes to freedom of the individual I do not take second place to any man in the house or in the country. I refer to the basic principles of freedom in its broadest sense. In the administration of a dispersal policy of this kind you must have a controlled movement under which that policy is completed. What my department has endeavoured to do in the best interest of the Japanese themselves is to disperse them across the country, and, if humanly possible, to prevent a concentration of them in any particular locality. By about Christmas or not long afterwards we hope we shall have the whole situation pretty well stabilized.

With respect to the property, that does not come under my department; it comes under the Secretary of State, the custodian of enemy alien property.

Mr. MacINNIS: These people were not enemy aliens.

Mr. MITCHELL: I will agree with my hon. friend, but let him take his mind back to just after Pearl Harbor. I have a vivid recollection of having to go to British Columbia and arranging for the movement of these Japanese from the coastal area. At that time the United States, ourselves and Australia, and other parts of the orient, were in grave danger. It was decided, as it was decided in many other countries, that in the interests of the safety of the nation it would be necessary to move these people from the protected areas of British Columbia. When we look back at it in a broad way I think we acted with discretion; we acted in the good British way. We were humane. We moved these people with the least inconvenience to themselves and their families. I think that can be truthfully said. I have had some experience in Europe. I have seen the movement of people in one country or in some countries which some people look upon as their spiritual home, and I should not like to think that we would ever sink to the level to which they have sunk over there. I sincerely believe we have done a fair job with the dispersal and removal of the Japanese, and we have done it in their own interests.

Mr. MacINNIS: I do not wish to dispute that point at all. As a matter of fact I commended the minister on several occasions on the way in which the job was done, but what I do suggest is that we cannot justify our treatment of these people, having regard to the fairness with which we dealt with the matter when we were dealing with it as military precaution, and that is what it was at that time. I assure the minister that I appreciate the efficient and satisfactory way in which that job was carried out under the circumstances, but that does not answer the point I have made.

I put some questions on the order paper in regard to persons of Japanese origin who were taken from the mental hospital in British Columbia and sent to Japan on one or other of the ships which left British Columbia. I understand that some fifteen or sixteen were sent at their own request, and one was deported by the department of immigration. This matter was drawn to my attention in the first instance by a letter which I received in regard to one Kosho Matano, who served in the Canadian forces in the war 1914-18. This man had suffered shock on account of his war services, and had been admitted to a mental hospital in British Columbia in 1933. A friend of Mr. Matano had visited him in the spring of 1942, when persons of Japanese origin were being evacuated from the Pacific coast, and asked that this man be allowed to leave with the other evacuees at that time. He was told by the superintendent of the hospital that they could not let him out because he was an extremely dangerous person. I find in the questions answered by the minister that this "extremely dangerous person"—I assume he was a lunatic—made a request for repatriation to Japan, that that request was granted, and that he left.

Mr. REID: Was that before he was in the institution?

Mr. MacINNIS: No, I understand he had been in the institution since 1933. I am just wondering how a person who is confined because of mental incapacity could make a valid application to do anything. It is the most amazing thing I have ever heard. How was the matter first brought to the attention of the authorities? It is said that fifteen made application to be sent, but that they did not make written application. The others who had made application did so on forms provided by the Royal Canadian Mounted Police. These people, I understand, made application by word of mouth. To whom would such applications be made? What information was there on which to base such application? These are questions which should be looked into. In my opinion either the Department of Justice or some other department should investigate the matter, because it is serious. I should like to know if the captain of the ship on which these people were sent was advised that he had fiffteen or sixteen lunatics aboard. Was provision made for confining them while they were aboard so that they would not constitute a danger to other passengers?

I accept the minister's statement when he says he believes in democratic methods, but I submit that these are not the methods of democracy. These are totalitarian, autocratic methods—methods which have no regard for human values, human decencies or human lives. I suggest we should have a great deal more information as to how these mentally incapable people who were in a mental hospital made application to be sent anywhere. Surely if they could make application to be sent to Japan, they could make application to leave the hospital and be sent to Quebec, Ontario or anywhere else.

Mr. MITCHELL: The arrangements with respect to these people were made through the provincial authorities—not by my department. I might add that sometimes people in institutions are saner than those outside. Perhaps it would be wise to read this letter from the

provincial mental hospital at Essondale, British Columbia. It is addressed to Mr. T. B. Pickersgill, commissioner for Japanese placement, in Vancouver, and states:

Referring further to our telephone conversation of this date I wish to advise you that fourteen Japanese patients of this hospital were repatriated to Japan and one Japanese patient was deported to Japan through the Canadian Immigration department.

The repatriation was entirely on a voluntary basis. The individuals were all certified mental patients of this hospital but their mental condition was such that they were able to comprehend the matter and able to express themselves. No coercion or persuasion was used. Each patient was individually interviewed by Mr. T. B. Pickersgill, Commission of Japanese Placement, together with an interpreter and in the presence of the medical superintendent of this hospital. Each patient voluntarily expressed his desire to be returned to Japan. At that time a signed statement was taken to this effect. The context of this signed statement was as follows:

"I hereby express my willingness and desire to return to Japan at the earliest possible date— Signed ..... Date."

The following is a list of patients of this hospital who were repatriated to Japan under the above circumstances:

Rosea Fugimato
Hirona Fujiyoshi
Sabara Kurishima
Kosho Matano
Matoru Motowaki
Tomoyuki Mukai
Jiro Nagayama
Fomikichi Ogawa
Tomichi Ozaki
Yoshikatsu Sawada
Buta Sakata
Kingo Tanitus
Unichi Kimura
Sukichi Kitagawa
Kuoje Tayi (Taiji) (Deported by Canadian immigration department)

Trusting that the above information will meet with your requirements, I am,

Yours truly,

A. M. Gee, M.D.,
Deputy Medical Superintendent.

Mr. MacINNIS: I am not satisfied with that explanation. I believe that before any such decision was made another opinion should have been sought than that of Mr. Pickersgill, who is an employee of the government and who, as I see it, is very unsympathetic so far as these people are concerned.

The minister has said that sometimes there are saner people in mental hospitals than outside. After seeing what is done outside on occasions, I am in complete agreement with him on that point. But these people were in a mental condition which prevented their being allowed out, or at large; otherwise the superintendent of the mental hospital in British Columbia was not performing his duty in that he did not advise the authorities that there were people in the hospital who had sufficient mental capacity to fend for themselves outside, and that arrangements should be made for their removal from the hospital before they went to Japan. The statements made are just not good enough.

Item agreed to.

Unemployment insurance commission—

535. General labour transference to industries and agriculture, $650,000.

Mr. GILLIS: I should like to refer to the out-of-work benefits applicable to service personnel who through no fault of their own find themselves engaged in an industrial dispute. I know that the Minister of Veterans Affairs comes into this picture, and I have discussed the matter with him. In Ontario particularly, and also in other sections of Canada, there are hundreds of service personnel who have been granted certain rights and privileges under rehabilitation regulations. I refer particularly to the out-of-work benefits which are applicable up to eighteen months after the discharge of a service man. Many of these boys have taken employment in industry in which conditions and antagonisms which developed during the war have culminated in industrial disputes. Many of these men were employed only a month or two, or perhaps only a week or so, and then they found themselves out on strike and not able to take advantage of the benefits which ordinarily would be applicable to them had they not been engaged in a dispute through no fault of their own. I think the Minister of Labour has some responsibility in this matter, because the rehabilitation regulations were changed to conform with the Unemployment Insurance Act, and there must have been consultation between Veterans Affairs and Labour before that was done.

I appreciate the desire for uniformity in these matters, but the unemployment insurance is not comparable to the rehabilitation regulations. Many service personnel are suffering at this time through no fault of their own. I wonder if some consideration cannot be given by the Department of Labour in cooperation with the Department of Veterans Affairs to setting a deadline. If a service man is employed six or nine months before becoming involved in an industrial dispute, the unemployment insurance could be made to apply. Hundreds of these fellows normally would be entitled to come under the rehabilitation regulations, but they are losing those benefits because they have been brought into a new war through no fault of their own. Will the minister consult with the Minister of

Veterans Affairs? I raised the question with that minister and he said it would be given serious consideration.

Mr. MITCHELL: I shall be glad to do that.

Mr. GILLIS: The next point I should like to raise has to do with vacations with pay.

Mr. MITCHELL: I think I am a little ahead of my hon. friend on that. We have written to the minister of labour of Ontario.

Mr. GILLIS: Have you had any reply?

Mr. MITCHELL: Not yet, but I promise my hon. friend that I will send him a confidential copy as soon as I get one.

Item agreed to.

740. Departmental administration — further amount required, $21,216.

Mr. MacINNIS: There was one point I wanted to raise and I tell the minister that this is my last point. An international labour office conference on merchant seamen affairs was held in Seattle during the early summer. A number of conventions affecting seamen were passed at that conference. I have not the full report, but I imagine that many of the conditions affecting Canadian merchant seamen are better than those provided under the conventions. One convention had to do with a minimum wage, which was fixed at £16 per month. I believe that is below the minimum standard in many countries. Another had to do with the establishment of an eight hour day at sea. I do not know just how far that is the law of Canada, and I should like the minister to indicate, if he can, what action the dominion government intends to take, and whether or not these conventions will be ratified. I take it that ships of Canadian registry plying between this and other countries come under the jurisdiction of the federal government.

Another convention had to do with the training of ships' cooks, requiring the issuance of certificates of efficiency. This is a most important matter, because most of what the sailors call "beefing" on the ships arises from having to eat food prepared by cooks who do not know how to cook.

There was another proposal—I do not know whether this was in the form of an agreement—with regard to a 112 hour fortnight, or a 56 hour week on coastal ships. My understanding is that the representatives of the seamen fought vigorously for this, and I should like the minister to indicate briefly just what is the government's intention.

Mr. MITCHELL: I am merely the agent who appoints delegates to the I.L.O. The Canada Shipping Act comes under the Department of Transport. The matter of cooks would seem to be important from my hon. friend's point of view. We have already had conversations with the Department of Transport with the idea of setting up classes for these men. I suppose the question of the eight hour day will be given consideration when parliament prorogues. The hon. member knows that this meeting was held in Seattle only last June, and he can rest assured that the matters he has referred to will be brought to the attention of the Minister of Transport.

Mr. BLACKMORE: I should like to associate myself with the request of the hon. member for Cape Breton South that returned veterans who become involved in strikes such as those in progress at the Westinghouse and Firestone plants in Hamilton be given consideration. I received a telegram about this last night, and no doubt the minister also received a copy.

There is one other matter about which I dislike to bother the minister at the present time, but it does affect my constituency. I refer to the payment being made to prisoners of war working in the beet fields. How much are these prisoners of war paid per month for working in the beet fields in Lethbridge riding?

Mr. MITCHELL: They are paid 50 cents a day, in addition to the 25 cents a day provided for by the Geneva convention.

Mr. BLACKMORE: How much do they actually get per day?

Mr. MITCHELL: Of course that is not in cash; it is in kind.

Mr. BLACKMORE: They receive tickets with which they can purchase goods; is that the idea?

Mr. MITCHELL: Yes.

Mr. BLACKMORE: There is nothing that they can save? How much are the farmers required to pay?

Mr. MITCHELL: I have taken the position that under no circumstance shall prisoners of war be in unfair competition with normal civilian labour. We have laid down the policy that these men must be paid the going rates in the particular locality in which they are employed.

Mr. BLACKMORE: The department takes all the difference?

Mr. MITCHELL: We have been able to return about $2,125,000 to the treasury arising out of the employment of prisoners of war.

Mr. JAQUES: Is it part of the Geneva convention that prisoners of war should remain prisoners of war twelve months or more after the end of the war?

Mr. MITCHELL: You would have had very little sugar in western Canada in the last two or three years if it had not been for prisoners of war. We are moving them out, and we expect all to leave Canada by November 2. Great Britain is still using prisoners of war, tens of thousands of them.

Mr. BLACKMORE: I think the Minister of Labour has no criticism coming to him because of what he has done with respect to these prisoners of war. If I were a prisoner I think I would feel a whole lot happier in Canada where I could get plenty to eat and be warm and well housed, and I would not be crowding the minister to rush me back home even after November 2. We have to face these things reasonably.

I should like to say a word or two about the treatment of the Japanese. I want to commend the minister for the way in which he conducted the evacuation of the Japanese from British Columbia. After the danger is all over and men do not smell the powder and are not afraid of the zooming of aeroplanes over their head at midnight, it is easy to look back and criticize. But what the minister did in those trying days was highly commendable; he deserves praise for it, and I want to give him praise.

Now a word or two with respect to the way in which he has disposed of the Japanese since, and I want this to go into the record because it is to the minister's credit. He has not been free to do the thing which in his judgment and the judgment of the government was the wise thing to do with these Japanese, because he has been interfered with by a whole lot of people passing resolutions and running up and down the country, the very people who would have been, to use a slang expression, "howling their heads off" when the trouble was on if anything different had been done and who are now shedding crocodile tears because we are not treating the Japanese as though we had never been at war with Japan. That arouses in me nothing but disgust and contempt. I deeply sympathize with the minister in his endeavour to deal with this problem. I deeply sympathize with him in his endeavour to deal with the labour problem all the way through. I say this for the record: I think the minister has done a good job; I doubt mightily that any other man in the dominion could have done any better, and perhaps no man could have been found who would have done as well as the Minister of Labour has done. I am not in favour of the way in which matters are being dealt with in some respects under the Department of Labour, but the Minister of Labour is not to blame for any deficiencies that appear. I wish to put that on the record so that it will stay to the minister's credit as long as *Hansard* will be read.

Mr. IRVINE: I have no objection to the compliment paid by my hon. friend to the efficiency of the Minister of Labour. In fact, in certain instances I would add something to it. But when he is making his comments so glowingly I do not think he should imply discredit to any other member of this house. I presume he was referring to the hon. member for Vancouver East as weeping crocodile tears over the Japanese people. If he was, he was expressing his ignorance of that hon. gentleman's attitude for many years and even before the war. Whatever may be the rights or wrongs of the affair it does appear to me that the hon. member for Vancouver East has stood firm on a clear course throughout the whole episode. I believe he is substantially right when he says that injustices were done to these Japanese, and perhaps we could hardly expect otherwise in view of the war psychology. While they have been treated as they have been treated in Canada it may be some consolation for us to know that they have been treated much worse in other countries, but on the other hand there is no question about the justice of the position which the hon. member for Vancouver East has always upheld in this house.

Mr. BLACKMORE: I am glad that the hon. member for Cariboo was honest enough to make his criticism in my presence so that I might have a chance to defend myself. Other people would have gone out and prattled all over the country. I prefaced my remarks with a statement that clearly showed that I had reference to groups of people in Canada who have taken it upon themselves to interfere with the Minister of Labour and the government by running up and down the country and passing resolutions on what they consider to be the wise way in which to deal with an exceedingly dangerous problem.

Mr. KNOWLES: Name the groups.

Mr. BLACKMORE: There is no need.

Mr. KNOWLES: The United Church?

Mr. BLACKMORE: I deliberately left the groups unnamed. I should not be surprised if the hon. member for Winnipeg North Centre would rush in and place on *Hansard* the names of a whole lot of people

I did not specifically mention. That is a shameful thing to do and utterly contemptible. What I have said is sufficient.

Mr. PROBE: Why not be courageous?

Mr. KNOWLES: The Church of England? The United Church? The Presbyterian Church in Canada?

An hon. MEMBER: Why not be a man and name them.

Mr. BLACKMORE: I prefer to use a little diplomacy and decency in dealing with this matter. I do not hesitate to name them from fear. I am not afraid of any man in Canada, or of any group of men, but I do not think it is fitting to name them. I do believe that a number of people have made themselves busy in connection with this problem when they should have been wise enough to remain in the background and leave the matter to those who had the responsibility to decide what was the wise thing to do. It was to them I was referring, not to the member for Vancouver East nor any member of the C.C.F. group. When I want to refer to them I will name them on the floor of the house and give them a chance to answer.

Mr. JAQUES: My previous question I suppose should not have been directed to the Minister of Labour, but it just cropped up. I am not criticizing the Minister of Labour at all over the fact that prisoners of war still remain here as prisoners of war after the war is over. I am also aware that their treatment in this country is humane. But it is the principle of the thing I do not like. I do not believe the end justifies the means. That is not a philosophy to which I subscribe. If we follow the practice of keeping prisoners of war here in Canada a year after the war is over, maybe two years for all I know, that sanctions the practice in other countries where prisoners of war are not humanely treated, where, in fact, they are being barbarously treated, and I intend to refer to that on another item in the Department of External Affairs. I do not want the minister to think that I attributed any criticism to him, because this matter is not really his responsibility.

Mr. KNOWLES: A week ago to-day I asked the Minister of Justice a question with regard to triple pay at Hamilton. The minister replied that the government had not been asked for an opinion on the matter, nor was any opinion given. A few days later I received a telegram from E. B. Jolliffe, counsel for the United Steelworkers of America, giving me the text of a telegram he had sent to the Minister of Justice, bringing his attention to the fact that on August 22, both by air mail and by telegram, the union had requested the Minister of Labour, under P.C. 9384, to give his permission to the union to prosecute the company for violations of the wage control order. The letter which Mr. Jolliffe sent to the Minister of Labour stated the name or names of an employee or employees who had received triple pay, and made the specific request required by the order in council for permission to prosecute. Mr. Jolliffe also expressed his view as to the "absurdity of the government countenancing the open and continuing violation of the wage control order by an employer while asking the employees to respect that order." The president of Stelco, he pointed out, "frankly informed the industrial relations committee, of which two ministers were members, that non-striking employees would be paid triple wages, which is clearly contrary to P.C. 9384." The Minister of Labour replied to Mr. Jolliffe's letter under date of August 23, acknowledging the letter but not even indicating in his communication what the matter was about. The letter simply stated that he was asking the advice of the minister of labour for Ontario as well as the advice of the regional board of Ontario before replying to this request. I should like to ask the minister—

Mr. MITCHELL: Will my hon. friend read the rest of the letter?

Mr. KNOWLES: Yes. I had better put the whole letter on record:

August 23, 1946

Dear Mr. Jolliffe:

This will acknowledge receipt of your letter of August 22, and before replying at length I am asking the advice of the Minister of Labour for Ontario, as well as the advice of the regional board of Ontario.

The steelworkers' request for an increase, as you are well aware, has not been before the regional board of Ontario in the form of an application. Nevertheless, the board's interest in the point you raise is obvious and I wish to have the benefit of the advice of the chairman as well as the advice of the Minister of Labour for Ontario because the dispute is basically one coming under the provincial jurisdiction, before replying to your letter.

Yours sincerely,
Humphrey Mitchell.

I am not commenting on the letter—it seems to me that it should be framed—but what I should like the minister to tell us, now that it is out in the open that this request has been made, is what the government's attitude is towards the company's violation of the wage control order.

Mr. MITCHELL: I can only say this, that when I hear from the people I referred to in that letter I shall be glad to give the hon. member an answer, and not before.

Mr. STEPHENSON: There is just one question I wish to ask the hon. member for Winnipeg North Centre. He is asking what is the attitude of the minister with regard to the company paying overtime pay in this case. What is his attitude towards the union members striking against the government?

Mr. KNOWLES: The thing cuts both ways.

Mr. STEPHENSON: That is a fair question.

Mr. MASSEY: May I refer the minister to *Hansard* of August 26, page 5421. I have sent for a copy, but it has not arrived yet. In the course of the discussion of the estimates of the Minister of National Defence for Air I addressed a question to the minister for air in regard to the attachment of Royal Canadian Air Force officers to the national employment service in Toronto, and suggested to him and strongly urged upon him that that attachment continue. He replied as follows:

> That is not a matter which comes within the air force; that is under the Department of Labour, and anything like that would have to be arranged by that department.

Has the minister any knowledge which he can give the committee immediately of what the programme is in that regard?

Mr. MITCHELL: I think these officers are seconded—that is the term they use—from the air force to the Department of Labour in the city of Toronto, and we are at present in correspondence with the department with respect to the future activities of the men in question.

Item agreed to.

743. Labour Gazette and other publications authorized by Labour Department Act—further amount required, $4,526.

Mr. PROBE: I have not taken any time of the Minister of Labour or of this committee during any part of the discussion of the estimates on labour, but I wish at this time to associate myself completely with the other members of the C.C.F. group in the opinions which they have expressed, and I believe that fair-minded members of the House of Commons will feel that they are doing their proper duty with respect to labour.

With respect to this particular estimate for the *Labour Gazette,* I think the minister has in the *Labour Gazette* an outstanding publication. I always appreciate getting it, and I know that labour groups throughout the country look forward to it. There is a great deal of information, statistical, national and international, with respect to labour matters. I should like however to voice a suggestion which I am sure the minister will take in what he is pleased to call "a kindly way", and that is that the *Gazette* comes out just a little bit late. I know his difficulties in the matter of compiling the statistics which go into the *Gazette,* and assembling them, and so on. But it seems to me that statistics which require a longer time to prepare and verify could be included in a later edition of the *Labour Gazette,* so that information which can be compiled locally can be kept up to date instead of being a couple of months behind. I do not wish to take any more of the time of the committee, but I do feel that this department is giving a service to the country generally in that publication; I should like to see the service made even better, and for that reason I am offering this suggestion.

Mr. MITCHELL: I want to thank my hon. friend for the very kind things he has said about the *Labour Gazette.* We are having difficulties with paper and printing, but I shall be glad to look into the aspect of the matter he has just mentioned.

Item agreed to.

DEPARTMENT OF EXTERNAL AFFAIRS

41. Departmental administration, $767,480.

Mr. REID: Nothing comes before members of parliament that is more important than the estimates. They provide the one opportunity the ordinary member has to discuss these administrative matters. I suggest to the minister that at the beginning of the next session the estimates be brought down within a week after the opening of parliament, so as to give members a chance to deal with them. Throughout the whole session we should be discussing these estimates, not, as happens year after year, on the eve of our going away. I make that suggestion seriously, in order that we may have a proper opportunity for discussion.

Will the minister give consideration to the remarks which we made on the fisheries estimates, affecting the United States and Canada and the continental shelf?—because these matters are very important.

Mr. ST. LAURENT: I assure the hon. gentleman that the matter will receive consideration, and I think the proper form for it is in the food and agriculture organization

of the united nations. The constitution provides that that organization is set up for securing improvement in the efficiency of the production and distribution of all foods and agricultural products, and its functions are to deal with the conservation of natural resources and the adoption of improved methods of agricultural production. "Agriculture" is defined in the constitution to include fisheries. That is an organization that has been set up comprising some fifty-odd nations and the purpose of the constitution includes the conservation of food products and natural resources, including the fisheries. The proclamation made by the President of the United States and the President of Mexico is aimed at the conservation of the resources of the oceans, and would I think be one of the very interesting subjects to be dealt with on an international level. As the hon. member knows, Canadian representatives are taking an active part in the deliberations and representations of this food and agriculture organization, and he may be sure that the matter will not be lost sight of.

Mr. GRAYDON: I find myself at a disadvantage this morning in attempting at this stage of the session to discuss in any great detail matters relating to external affairs. The pressure of the session at this hour precludes that. I am sorry it is so—not that the committee will miss very much from any contribution that I might normally make, but that observation does apply to many other members who are interested and who have followed keenly external affairs in this and previous sessions.

I wonder if the committee will bear with me for a few minutes while I discuss one or two of the major points of interest to Canada from the point of view of external affairs.

I should like first of all to refer to the question of the standing committee. This standing committee on external affairs has had this session, for the first time, the consideration of estimates of a government department in full. In other words, the Department of External Affairs has been the guinea pig for a new experiment in the specialization of the efforts of members of this house. The setting up of the external affairs committee was undertaken in the first instance after considerable pressure and many suggestions by the opposition and members in other parts of the house as well. We had gone too long without a proper external affairs committee meeting regularly each session as a standing part of our procedure, and so when parliament met last September I welcomed the suggestion of the government to set up a committee which had been asked for on so many previous occasions. I also welcomed the opportunity of having the estimates of the department referred to that committee. No other estimates in full of an entire department had been so referred to a committee before, and I wish to make this observation, which I hope will be constructive.

I do not think we can any longer carry on without being made ridiculous in the eyes of the public generally under the system of parliamentary procedure which we follow in this house, having regard to the volume of business and the amount of money that is being expended by the dominion government. We should be bringing about some change in the consideration of departmental estimates. I agree with what the hon. member for New Westminster has said. I believe his views are shared by every member of this house who wishes to do a decent job for Canada, as I am sure every member does.

I do not think we can hope to retain public confidence if we continue to have the estimates dealt with as they have been during the past week. I am not blaming anyone for that. I do blame the whole parliamentary procedure, and I would blame parliament itself if we continued that system. We cannot afford to do so. My suggestion therefore is this. The external affairs committee has gone over the estimates of external affairs in detail, with great care, and over a considerable period, and I think it is time for parliament to make its decision and see to it that we bring under the same policy other departments of government. Then there will be no difficulty about last-minute consideration of estimates being rushed through in this way. If they are rushed through at least a committee will have previously dealt with them. But that is vastly different from the present practice of having item after item passed through, as we have witnessed this week, without the slightest attention being given to anything in detail. Indeed, many items have passed respecting which there has been very little knowledge on the part of any member outside the government or the head of the department concerned.

In this house we are not mobilizing the brains and energy that we possess. There are members who are not given an opportunity to play their proper part in the general discussion and examination of expenditures, and after all, that is one of the major parts of our business as members of parliament. But if we adopt the principle of having estimates referred to committees —we may not be able to do that with regard to all the estimates at the next session, but at least we can continue the experiment that has been initiated—we can specialize in the

work and give every member of the house an opportunity of taking part and making his proper contribution as the session proceeds.

The utilization of the full time of every member of the house is the least that the public can ask of its members in the commons. The massive programme of legislation that parliament is now asked to deal with calls for specialized and modernized methods of consideration.

I should like now to make one or two brief observations on the committee's work. It was a good committee; it did a good job, and I wish to pay a tribute to the care and consideration which every member gave to the work, particularly the chairman of the committee, the member for Cochrane, who has presided over it since its inception. A good many sittings were held, and the deliberations did credit to the members of the committee and all those involved in the work. Its recommendations, while not voluminous, were such as, I believe, parliament may properly be asked to concur in. One suggestion was the recommendation for an international hour each week in parliament. What do we mean by an international hour? We spend hour after hour, day after day, discussing domestic questions. I should like hon. members to calculate from their *Hansards* just how much time is taken up in a discussion of external affairs and international matters. It is nothing short of a disgrace. I do not want to attribute that to anyone in particular, but to the whole house. I want to take my share of it, but I do not want to take my share of it much longer, and that is why I am making the suggestion.

Perhaps one of the most important parts of Canada's business is her international business. The whole question of peace and war —and is there anything more important to the Canadian people than peace?—the whole question of our international affairs has been by the pressure of things relegated to the background of parliamentary consideration. What is the reason? The reason is that we have not an hour or any special period set aside for dealing with external affairs on a regularized basis. The very fact that in the last day of the session we are dealing with external affairs for the first time in any big way is the best argument that I can bring forward to support my contention. I suggest to the committee, and I think parliament should concur in it and the government should take cognizance of it, that one hour a week be given to the discussion of external affairs. We could call one item under departmental administration or some other item which would give us an opportunity to discuss the matter. There should be a change in the rules so that at the next session at least one hour a week will be given over to this important matter. Look at what has happened. Almost every day since parliament assembled last March some kind of an international conference has been going on. What reports of these conferences did hon. members get? We always get them, eventually, but we are never brought up to date. We should be brought up to date, because actually there are legislative assemblies in which Canada is involved, and in which Canada is taking a part, which are just as important as, and sometimes more important than, our own House of Commons when it is dealing with domestic affairs. Therefore I say we cannot go on any longer without setting aside an hour for the discussion of international matters.

There is another matter to which I should like to refer, but I shall not deal with it at any length to-day, namely, a better system of control of international expenditures which Canada is about to make. That is a matter of grave concern, a matter of serious moment to the people of Canada. In the domestic field we take great pains to make sure that there is a comptroller of the treasury who watches or at least is supposed to guard the expenditure of money. In the international field we are only in the embryo stage, but before we go any farther it is the committee's proposal, and I think it will meet with parliament's approval, that we should take care that this country should not attempt to keep up with any of the international Joneses, in any big way. Up to date Canada has not done that. I am cautioning the government and parliament so that we shall not attempt to change that policy, but that we shall see to it that the taxpayer's money, whether it goes into domestic affairs or international affairs, is cared for and that we shall get a dollar's value for a dollar spent.

I should like to deal with many other matters which were brought up in the committee, but I have not the time at my disposal this morning to do so. I do wish to make one or two references to our position generally in the external affairs department. I admit that last spring the government went part way in acceding to the suggestion which had been made so many times, and also may I say to the suggestion which had been appearing on the order paper in the form of a resolution. That was done when the bill was introduced. The government finally did come around at least to establishing the right of the government to appoint a separate full-time minister of external affairs. I regret exceedingly that

when the bill was passed by parliament something was not done to implement the principle which had been adopted by parliament. I hope that we shall not continue any longer in Canada without a separate full-time minister of external affairs. Of course if the Prime Minister were here he would take umbrage at what I am saying and would say that I was reflecting on him. That is not a very good argument, particularly when no one intends to reflect upon him. I wish to say that the Prime Minister's position at the moment is the best argument that we could have for a minister of external affairs. He is finding the burden heavy; he has not been able to be in the House of Commons more than a small fraction of the time this session; and even at this moment, on the closing day of the session, he is unable to be with us. He ought to be the first one—and the government—to admit that if ever there was a need for a full-time minister of external affairs it is now. I hope the government will not try to face parliament any longer in another session without a full-time minister in that department.

May I also say by way of criticism that I do not think the Department of External Affairs or the minister of that department should carry all the information about external affairs in their vest pockets. The people of Canada and parliament have not been taken as fully into the confidence of the ministry on matters of external affairs as the country was entitled to. Let me give an example. We had a commonwealth conference of prime ministers. The Prime Minister went over and came back. There was no report to parliament and no chance for discussion. The whole matter is still standing over and parliament is proroguing. That is a pretty good argument for the fact that the Prime Minister did not have time. Of course he did not have time. The reason he did not have time is that there was not a full-time minister of external affairs to handle at least part of the work in connection with it. In addition to that, before the Prime Minister in his capacity as Secretary of State for External Affairs went to the peace conference no opportunity was given to parliament to discuss the whole problem of peace and Canada's possible participation in the conference, as was done prior to the San Francisco conference, which was of great value to the delegates who were in attendance. May I say to you, Mr. Chairman, that on these two occasions I think there was a flouting of parliament, because we should have known something both about the commonwealth conference and about the peace conference. In all fairness that information should have been given to the people's representatives.

We have another situation which calls for some remedy and much more severe criticism than I am going to give it. Through you, Mr. Chairman, may I say, I do not think we should go out of our way to attack the government, nor should we raise criticism unnecessarily in regard to external affairs. But I tell you, sir, that what I am saying to-day is much more restrained than what under ordinary circumstances the conditions call for.

In the matter of external affairs, as they affect this country, we must stick together, regardless of what our other difficulties may be. Canada must have a united voice in world councils if at all possible. But that must not be used as an excuse or a cover to stop normal criticism by parties in the house on those occasions when we believe that certain reforms are required. For instance, let us consider our position with respect to the United Kingdom. The right hon. Vincent Massey has been back in Canada since last May, and since that time there has not been the slightest hint of any appointment being made to fill his place in one of the major diplomatic posts created by Canada outside this country. In a delicate time like this, in this critical period of international affairs, there should be no such hiatus between one man's leaving a post and another taking his place. Yet no excuse or reasons are given. We are told simply that the position is open and that it has not been filled.

The same could be said with respect to Australia. Since last May no attempt has been made to fill that post. Yet we know that Hon. T. C. Davis left there last May. There is no suggestion of any appointment to fill his place.

With respect to South Africa the situation is even worse. No appointment has been made there since Mr. Burchell left, a year ago this month. We have had no permanent commissioner in South Africa in all that time.

Our position with respect to Eire is not quite so bad. Since Mr. Merchant Mahoney died last spring no appointment has been made. But that is not as serious as our position with respect to South Africa.

Chile is one of our major South American posts, but it has gone vacant since a year ago last July.

So far as India is concerned—well, I am tired of asking in the House of Commons when this country is going to accept India's invitation to exchange high commissioners. That invitation has been in the hands of the

government for years. Yet we have no suggestion that an appointment will be made even in the near future.

In my opinion this constitutes a series of dangerous diplomatic defaults on the part of this country. I am sorry to see it taking place, and I should like to be sufficiently severe with the minister that he would see to it that the condition is remedied immediately, in the interests of Canada.

As to the department itself, let me say that without having a full-time minister we are following a dangerous course. In the department one finds public servants whose competence is unsurpassed by any others in the public service of Canada. I make no reflection upon them when I say that we cannot allow a department, even one with good men in it, to grow up like Topsy, without a full-time minister. Everyone knows what it means to have team-work between a full-time minister and those who serve under him. I suggest we cannot allow this default to continue, because a departmental reorganization is needed, one which would include a new minister of external affairs.

Canada is in a position where she should take a more forthright stand respecting her Arctic problems. Our failure to assert ourselves and to announce a clear and definite policy in Arctic matters may have a damaging effect upon Canadian-United States relations of the future. One of our greatest friends is the republic to the south of us. I hope that in the days which lie ahead Canada's position with respect to her Arctic relations may be defined and clarified.

I am hopeful that the bonds of unity which exist among the various units of the commonwealth will be strengthened as time passes. I believe I would not be transgressing my rights in the matter of speculation if I were to say that I look forward to the day—and I suggest we should be preparing for it—when Canada will be the centre, the heart, of the great British commonwealth of nations. I hope that day may come. It may not be in the near future, but, after all, there are some things concerning which we must take a long-range view.

My observations have been somewhat hurried, because of the reasons I set out earlier. But I must say in my closing remarks that this party, as well as the government, is interested in our position in international conferences. I cannot help thinking of the vital importance of some of these meetings. As I sat watching the atomic energy commission meeting in New York last June one of the things which struck me most forcibly was this: Sitting in the second row of the visitors' gallery, while atomic energy was being discussed and measures drawn up for its control, was a little eleven-year-old girl, with the customary pigtails and ribbons. She was there with her mother, and I suppose no one was taking less interest than she was in the discussions. But whether she had any interest in it or not, as I sat there I thought that there was no person around the council table or in the galleries that day who had a greater interest in decisions with respect to atomic energy than did that child in the audience. In this day and age, with a world so concentrated, when distance has been reduced to an almost irreducible minimum and the world instead of being a great globe has become a shrunken ball, a world in which science has placed its most destructive weapon, it takes no more than a layman like myself, and those who surround me in the house, to realize what this means in future world affairs.

It is all very well to talk about the stopping of military aggression. But an aggression just as important as military aggression is taking place to-day: ideological aggression must have defences placed against it. I say with every bit of conviction at my command—and indeed I would say more if it were not this late hour in the session—that this country has to give what lead it can in seeing to it that we do our share to meet that ideological aggression. Make no mistake about it; it is serious and vital. This country cannot afford either domestically or internationally to adopt anything which savours of reaction, no matter where one finds it. So far as this country is concerned, human values must come first—and I am not using the word "maybe" when I say that. I am sure I shall have support from all over the chamber when I make that statement. The cornerstone of peace must be based upon economic and social justice in this world. Without that we cannot have permanent peace, as I understand it, in the days that lie ahead. The little peoples of the world have to have a break. I believe their era is just around the corner and I would hope that it is here to-day. I want to conclude, and this is my last sentence.

Mr. MacINNIS: Your last conclusion.

Mr. GRAYDON: My last conclusion. I am getting more like some ministers of the gospel every day, but this is definitely my last conclusion. I am not an expert on external affairs, and there are not many of us who are, but there are some simple conclusions which laymen like myself can arrive at from considering the world picture. I refer particularly to the communistic doctrine which I regard as a pretty dangerous thing for this

and other countries. There is abroad in the world to-day, as I have said, a struggle between two ideologies. Having that definitely in mind I think one of the difficulties we are facing with respect to those who embrace communism is this: I do not care if Russia wants communism; that is her business and I am not going to interfere nor do I think any one has the right to interfere. Let her have communism if she wants to—

Mr. McLURE: But we do not want it.

Mr. GRAYDON: There may be some places where it works, but it won't work here. I think it is our job and I think it is the job of every nation in the world to follow the system that is followed in many rural communities, the good neighbour policy. I think the rural good neighbour policy is one that the nations of the world will have to follow if we are going to have peace and permanent peace. It is a very simple one. The best neighbours we had on the farm were those who helped us when we were in trouble. When we needed extra help on the farm we "changed works" with our neighbours. An international exchange of works on the same basis as that on which the rural communities of Canada have changed works through all the years is what we need. But at the same time the best neighbours we had were the neighbours who did not try to run our household at home, who minded their own business in the process of being good neighbours. That is all I ask of the nations of the world to-day. There is a lot of international business to be minded. On the other hand, let us make sure that in doing so we do not try to reach our long hands into the internal political and economic set-up of other nations, and let us ask the other nations to do the same thing with us.

For that reason I think one of the best things, perhaps one of the best advances toward world peace, is for people and nations to respect the political set-up of other nations and not attempt through some means or another, devious, secret or otherwise, to upset the political set-up of another. That is where I say that so far as communism in Canada is concerned, we want none of it. We are not going to stand for it in Canada. But on the other hand let us not in the international field attempt to tell any nation how it should run its government. We have plenty of difficulty in finding a way to run our own. So I say to the members of this committee that we should in the interests of world peace apply the rural type of good neighbour policy. This should be applied to the Union of Soviet Socialist Republics, to the United States, to the United Kingdom, to Canada and all other nations of the world. It is a sensible policy, it is one by which no one will be running into danger.

The armed forces brought us victory in this war, and I think it is not too much to say that they and others in the world are looking to the statesmen of the world to keep the victory that they won. That challenge is ours.

Right Hon. L. S. ST. LAURENT (Acting Secretary of State for External Affairs): Mr. Chairman, I am sure that every one of the hon. members who have remained to the end of the session would welcome the opportunity of putting before the public his views on matters of international consequence. That is our right if we choose to do so, but we have to choose between one thing or another. If we want to continue here for more days, it is our right to do so, but I think we should determine which course we are going to follow. If we are going to adhere to the programme which has been laid out, I do not think it would be fair for me to take much time of the committee to put my views on record with respect to international affairs, and I suggest that other hon. members of the committee should take a like view of the situation unless we change our programme and decide that we are going to sit several days longer so that each one of us will have an opportunity of saying what he feels may be of some help in the settlement of the difficult international situation in which we find ourselves. I am quite prepared to abide by whatever may be the decision in that regard. If those of us who have stayed here to the end want to make that end some days later, I am quite prepared to take my share of the time, but if we determine to adhere to our programme I do not think I should take any more time now.

Mr. MacINNIS: I agree fully with the Acting Secretary of State for External Affairs. We have to make up our minds and make them up quickly as to whether we are going to prorogue to-day or whether we are going to go on to next week. I pointed that out yesterday in the debate on the broadcasting corporation loan. Nevertheless I find myself in agreement with the hon. member for Peel, who pointed out that it is rather too bad that we find ourselves in this position at this time.

Fairly early in the session I think it was that the Prime Minister made a statement that there was hardly an item of business coming before parliament which did not impinge in some way or another upon our

relations with other countries. In that way he was emphasizing the importance of international affairs. As far as the estimates before us are concerned, they are in a position no other estimates are in. They were considered minutely by the committee on external affairs. Unless we follow the second suggestion of the minister and continue this discussion for several days I do not think there is anything more that one can say in the circumstances.

I should like to say a great deal but I shall end by making a reference to one of the closing points made by the hon. member for Peel. He said that he hoped that some day Canada would be the heart of the British empire. Perhaps that is a laudable desire, but if my hon. friend will examine it a little further he will find in that desire the root cause of much of the international trials and tribulations that have beset the world for so many years. That is nationalism. I do not care particularly whether Canada becomes the heart, the lungs or the liver of the new social order, but I do hope that Canada will take her full share in building that new social order, and that it will be based on peace and on the good neighbour policy.

Mr. JAQUES: Mr. Chairman—

Mr. ST. LAURENT: Mr. Chairman, may I point out to the hon. member that we should have regard for the position of all hon. members. If there are to be speeches made I think we shall have to take the second course and continue to sit here so that all may have an equal opportunity. We shall either have to be forbearing, or go on and let each one have his opportunity to speak; because I do not think it would be fair to attempt to accommodate two or three or three or four members and then have the rest of us forgo what is the natural desire of each of us when opportunity offers to express his views upon these important matters. I do not want to close the discussion, but I think we should realize that if a few do insist on participating, they will have to share with us the responsibility of going on for some days next week.

Mr. JAQUES: Mr. Chairman, this puts me and puts the committee in a very awkward position. In the opinion of some of us the most important debate of the session should take place on these external affairs estimates, but as usual they are brought up at the very end of the session. I think this is the third or fourth occasion on which I have had to speak in the very last hour of the session on this question of external affairs. It is all right to say, as some have said, that we can leave it to next session. We tried very hard yesterday afternoon to get the radio question left over to next session, but the government would have carried on the house for another month rather than do that. I certainly do not want to delay the house more than is necessary, but what am I to do? How would it be if each group were allowed to leave it to one of its members to express their views? The Conservatives have spoken and the C.C.F., and if I might be permitted to speak for this group, and then perhaps the odd independent, we might get through. We could save an hour by not stopping for lunch.

The CHAIRMAN: Shall the item carry?

Mr. JAQUES: No, Mr. Chairman. I am asking whether my suggestion would meet with the approval of the house.

Mr. GLADSTONE: The acting leader of the C.C.F. has withdrawn.

Mr. JAQUES: The acting leader of the C.C.F. said what he wanted to say, I suppose.

Mr. STEWART (Winnipeg North): No, he did not.

Mr. JAQUES: Then let him speak so far as I am concerned.

Mr. ST. LAURENT: It is every member's right to speak, and each one will have to make his own decision in view of his responsibility both to his own conscience and to his fellow members of parliament.

Mr. JAQUES: If I have to decide between my own conscience and the conscience of others, I must consult my own, because that is the only one I am responsible to.

The CHAIRMAN: Perhaps it would meet with the approval of the committee if the representative of the Social Credit party spoke for not more than five minutes. A representative of the Progressive-Conservative has spoken, and a representative of the C.C.F. party spoke for not more than five minutes.

Mr. HERRIDGE: I assure you, Mr. Chairman, that if a representative of the Social Credit party speaks, one of the independent members is going to speak. We know that the hon. member for Wetaskiwin and myself take quite different views on foreign affairs. I suggest that we should be sporting in this matter. I intended to make a speech myself on foreign affairs, but at this stage I suggest we cooperate and that no one speak longer than three or four minutes.

Mr. JAQUES: It is not much use my attempting to say anything in five minutes. Unlike some other parties in this house, the Social Credit party has no facilities with the C.B.C. Perhaps the Acting Prime Minister might see to that, so that we can put our views before the people.

Mr. NICHOLSON: Your leader gets on the air periodically on free time.

Mr. JAQUES: I have only time to make a protest. With respect to the foreign policy of this country the people of Canada are committed to policies of which they know nothing and on which they are not consulted, and which this house never discusses. That is a fact, and it is an outrage and a scandal. At this moment a peace conference is sitting in Paris and this house has not had one minute to discuss Canada's policy at the peace conference. We know nothing and we are not allowed to know anything except what we are told by a lot of commentators and newspaper correspondents who use a brush dipped in red ink to colour the news.

I had prepared a statement which I believe would have been a valuable addition to the debates of this house and would have given valuable information to the people outside the house. I might ask why it is that this particular department, the Department of External Affairs, is always the last to come up, ever since I have been in the house I think, and always the excuse is made: You cannot speak now, there is no time because we want to close the house to-night. It is amazing. We talk about a new social order, about world government, that Canada is going to take its share in international affairs, and so forth; yet there is not one word of discussion in this house. I suppose under the circumstances I cannot say anything more, except to register the strongest possible protest at the way this department is and has usually been left to the end, so that no discussion is possible. I can only say that it is not by accident.

Mr. HERRIDGE: Just before the vote carries I want to register in support of the other speakers, a strong protest against this most important subject coming in the dying days of the session. I believe it is wrong policy in these very serious times, when the issue in Canada is not east against west, or whether we shall have, say, socialism now in Canada, but is world reestablishment and world peace. Will the Acting Prime Minister assure us that when the house meets next January it will have an opportunity to discuss foreign affairs early in the session?

Mr. ST. LAURENT: I am sorry to have to make any challenge against these protests of an arrangement having been made to bring these estimates on at this late date; but I have heard no one suggest what other matter that has been here dealt with should have been deferred in order to give consideration to these estimates. Hon. members must realize that parliament has been working pretty steadily, and I do not think there have been many things which hon. members would say should not have been dealt with, or should not have been dealt with when they were dealt with. I appreciate that hon. members would like an opportunity for a fuller debate. There can be that opportunity; if hon. members want to continue the session it can be done; but I do not wish to accept the suggestion that it is not by accident or by the ordinary happening and succession of events that we are in this position at this time.

Mr. MACDONNELL (Muskoka-Ontario): I accept fully what the Acting Prime Minister has said. Nevertheless I would ask him whether he will try to see that this unfortunate—I do not think the word is too strong —situation does not occur again. It seems to me, in spite of the truth of all he has said, it could easily have been avoided if estimates were not left, and particularly these estimates, to this point. I leave it there. I think he will agree with what is said, that it is unfortunate that this matter, which may be and probably will be overwhelmingly more important than most of the things we have discussed, cannot be adequately dealt with. I suggest that on a future occasion it should have some precedence, and not come, as it so often does, at this stage, when we are in the dying hours of the session and must be reasonable and, as he says, forbearing with each other.

Mr. BENTLEY: I can see the Acting Prime Minister's point of view to some extent. But I remember that in the early days of this session there was a government resolution to set up a committee to discuss and come to an agreement on a Canadian flag, and we spent three days talking about whether we should set up the committee or not, when we could have done so in five minutes, because we had the committee anyway. Who was responsible I do not know, but those three days would be very valuable right now.

Mr. BRACKEN: I am not getting up to take part in the controversy over the situation existing at the moment. I appreciate fully the position the Acting Prime Minister is in. In recent weeks he has been endeavouring to bring this parliament to a close without depriving anyone of the opportunity to speak.

I have been in consultation with him in recent days and I know what his plans have been; it has not been in his mind that anybody should be prevented from speaking. At the same time this is the parliament of Canada, and any hon. member has the right to speak at appropriate occasions, and he has that right now.

I wish to say only two things. At the beginning of this session I took the opportunity of making some suggestions with respect to the time allowed for the consideration of the business of parliament, namely the voting of the people's money for the carrying on of the affairs of government. I think that is at least as important as any other work we do, and perhaps as important as all the rest put together. And it gets the least consideration. What I did at that time was to make several suggestions for the consideration of the house and the government: *Hansard*, page 36. They were as follows:

1. That the estimates, as is now customary, should be tabled immediately after the speech from the throne is disposed of.

That is generally done.

2. That the budget should come down at the same time or closely following.

This has not been the rule, and was not the rule this year. We are asked to consider the expenditure of money before we are shown how the money is going to be raised.

3. That motions to go into supply should be made at least once weekly, on a day when such motion is debatable, so that members of parliament may not be denied the right to discuss matters they may regard as of pressing public importance.

That has not been the policy. We have considered from time to time some of these estimates, but most of them have come on in these latter days.

4. That much more time should be allowed for consideration of the estimates and that definite days from the beginning of the session should be set aside for this purpose.

And this concluding sentence:

I do not think we should be giving the major part of our time at the beginning of the session to the consideration of legislation with the temptation to do too much talking and then be crowded into pushing these appropriations through without due consideration. The unseemly and unbusinesslike rush in voting away the people's money at the end of each session is a procedure unworthy of a responsible parliament.

Speaking as leader of this party, I am not aware that any further time will be taken on any of these items in supply. I think the suggestions which have come from all sections of the house to-day, and the suggestions which I made and have now repeated, should receive the consideration of the government for another year.

I have just one question on external affairs estimates and then I will be through; and so far as I am aware, under the existing circumstances there will be no further time taken by members of this party on any of the other items. I am suggesting to no one here that he avoid speaking, but so far as I know there will not be much more time taken in this session. Yesterday I asked the Minister of Trade and Commerce if the government of Canada had approved a wheat agreement in 1942. The Minister of Trade and Commerce was not sure; he said he did not think it had. I would like to ask the Acting Secretary of State for External Affairs if he could answer that question. And then this other: if the government did agree to it, I should like an explanation of why a one-nation agreement was entered into with Britain, when it was already committed to the 1942 agreements.

Mr. ST. LAURENT: Dealing with the matter last referred to by the leader of the opposition, may I say that the members of the wheat committee of the cabinet were aware of the negotiations that were going on, and they never requested the representatives of Canada to withdraw from the discussions, but the discussions never reached a point where the question arose as to whether they should be approved or not.

With respect to the time taken in the house, I think each one of us must beat his own breast and recognize his own part of the responsibility. I should like to remind the house that seven weeks of this session were taken by us in discussions of votes of no confidence, first on the address, then on the original motion to go into supply, and third, on the budget. I think that those three debates would have resulted in the same votes had they been very much shorter than they were. I am not casting blame on anyone; I am just pointing out that each one of us has his responsibility in that regard.

At this moment may I move, Mr. Chairman, that you report progress and ask leave to sit again this day, so that I may have the privilege of moving that there be no intermission.

Progress reported.

Mr. ST. LAURENT moved:

That the resolutions considered in committee of supply this day and reported be read the second time and concurred in.

Motion agreed to.

BUSINESS OF THE HOUSE

MOTION FOR CONTINUOUS SITTING

Mr. ST. LAURENT: Mr. Speaker, I beg leave to move that there be no intermission this day, notwithstanding standing order 6 or the terms of the resolution passed by the house on July 22, 1946, in relation thereto.

Mr. BRACKEN: I have no objection whatever to the motion, but most of us in this party will be unable to be here for the next hour.. However, we are leaving it in the hands of the hon. member for Peel (Mr. Graydon) and we shall be well represented. After the splendid address he gave this morning, I do not think he will occupy much more time.

Mr. IRVINE: Do I understand the motion is that there shall be no period for lunch or supper until we have finished? If that is what it means I do not think it is a good policy. While I am at lunch, perhaps some matter in which I am interested will be passed, and other members may be in the same position. I do not like the idea of not having a recess for lunch. I do not mind supper so much.

Mr. JAQUES: We still have a pretty heavy docket, and it is possible that even without any further discussion on this particular item the house will not finish to-day. On the other hand, we may get through earlier than we expect. In either event there would be an opportunity to discuss the particular item if the minister would consent to hold it over until, in one way or the other, it is settled. If the house adjourned to-night and carried on next week there would be no harm in discussing it then.

Mr. ST. LAURENT: I am in the hands of the house. I am prepared to stay here until Christmas and am ready to have any item stand at the request of any hon. member. If hon. members prefer to have External Affairs stand for the time being and deal with other items, that is agreeable to me. I am prepared to accept anything that will suit the convenience of hon. members.

Mr. BRACKEN: May I make a suggestion? The Acting Prime Minister has made a suggestion which I think the house might be disposed to accept. The hon. member for Wetaskiwin feels keenly on this subject and it is his right to speak if he wishes to do so. The Acting Prime Minister has suggested that we deal with other items and, if time remains, to give the item that stands further discussion, that can be done. Would that not be acceptable to the hon. member?

Mr. BLACKMORE: Let item 41 stand. Item stands.

Motion agreed to.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

LEGISLATION

House of Commons—

126. Estimates of the Sergeant-at-Arms, $346,107.

Mr. STEWART (Winnipeg North): Who is responsible for these estimates?

Mr. ST. LAURENT: His Honour the Speaker.

Mr. STEWART (Winnipeg North): How many temporary employees on the protective staff have been working on a full-time basis for more than three years?

Mr. SPEAKER: There are five who are temporary and will be kept on full time.

Mr. STEWART (Winnipeg North): How many hours do the protective staff work; are they on eight-hour shifts?

Mr. SPEAKER: The protective staff works eight hours a day.

Mr. STEWART (Winnipeg North): How long do they get off for lunch?

Mr. SPEAKER: They have an hour and a half.

Mr. STEWART (Winnipeg North): How long do the protective staff in the galleries work these days? Are they on from eleven o'clock in the morning until eleven o'clock at night?

Mr. SPEAKER: My information is that they work for eight hours and from time to time they are allowed to leave the galleries for a rest.

Mr. STEWART (Winnipeg North): My information is that there are temporary members of the protective staff who are paid at the rate of $4 a day—I am excluding the cost of living bonus just now—and that they are on a temporary basis although they are employed the year round, which to my mind at least, unless there is a good reason for it, seems unfair. What is even more unfair, in my opinion, is the differential which exists between the rates of pay of the protective staff in the House of Commons and the protective staff in the Senate. What is the reason for that differential?

Mr. SPEAKER: There has been a little discussion about that matter in the house before. The hon. member will understand that I was appointed Speaker last September. We had a session which lasted until the middle of December, and we started again in March. As hon. members know, it is difficult for the Speaker to be on duty in the house from morning until night. I have not had much time to investigate and to see what improvements can be made in the house along that line. The House of Commons, in common with other departments, was obliged to take on temporary officers and employees to replace those who left the service of the house to join the forces. It has been the policy of the civil service commission not to appoint any new permanent employee; but the hon. member and the committee may be assured that the staff of the house are satisfied with their positions. Naturally they are nervous about their jobs because they are temporaries. That is only human. It is quite natural for them to wonder what is going to happen to them in the future. During the recess I hope that I shall have time, and I am sure I will, to look into these matters; we shall make recommendations to the civil service commission to make permanent those who should be permanent, and we shall find out if it is possible to give them an increase in salary.

Mr. STEWART (Winnipeg North): I hope His Honour realizes that I am not criticizing or casting any reflection upon him in any way. I realize that he has scarcely had time yet to go into all these details. I am merely bringing these points to his attention so that, if there are any injustices, then these injustices can be rectified. It is unfair to have men who are employed all year round paid at the rate of $4 a day, even with the cost of living bonus. It is extraordinarily difficult for a man to bring up a family on that salary at the present time. We in this chamber should set a better example to the nation as a whole. I should like His Honour to consider putting on a permanent basis all these men who have been here for several years and who are still on a temporary basis, although employed the year round. I should like His Honour to consider increasing the salary of these men so that they would at least be paid the same as the officials of the Senate who work fewer hours. We get excellent service not only from the protective staff but from the messengers and from all others. I think we should pay more recognition to them. The most appropriate way for doing that is to ensure them that their living standards will be as high as possible.

[Mr. Stewart.]

Mr. RICHARD (Ottawa East): I have had an opportunity of bringing this matter to the attention of the Speaker from time to time. I am perfectly satisfied that he is working on the problem and that the staff of the house is being well treated and will be well treated in the future.

Mr. GRAYDON: May I just add a word of agreement to what has been said by the hon. member for Winnipeg North. Perhaps it may be a help to His Honour to know that he has considerable backing of the House of Commons. I think His Honour will find that all through the house there is pretty general agreement that something should be done for these men because they are doing a magnificent job. We ought to support the representations of the hon. member for Winnipeg North in that connection, so that His Honour the Speaker will know he is not alone in his desire to see that these things are done.

Item agreed to.

Library of Parliament —
130. General administration, $88,391.

Mr. ZAPLITNY: Has any progress been made in the matter of indexing the books in the library? Several hon. members have referred to the fact that it is difficult to find just what is contained in the library. We know it contains almost everything, but we do not know just what is available at any particular time or where it is. Has anything been done so far to implement a recommendation that an index be made of all the books in the library?

Mr. SPEAKER: I have noted the remarks of the hon. member. He will understand that during the war the government decided that all money should be used for war purposes. Since the war is over, we have started to make some improvements in the library, such as lighting and so on. We hope that in the next few months many more improvements will be made. I approve the remarks which have been made during the session, and I shall be pleased if the government decides to give a national library to the country.

Mr. GRAYDON: May I make a suggestion to His Honour. If during the interim period he feels that he will perhaps have more time to deal with some of the urgent matters connected with his duties, may I suggest that he give consideration to the question of whether or not we have the best seating arrangement in the House of Commons from the point of view of carrying on our duties.

My second suggestion is that he watch carefully—and I caution him against this—

the installation of loud speakers on each desk, because that would be about the worst thing that could happen in the House of Commons. In deciding on that, I trust His Honour will not overlook the fact that somehow or another there should be better acoustics. The press cannot hear what is going on. It may be a good thing for us perhaps that they do not always hear everything, but in any event the press particularly have a responsibility that is second to none in the country, because what they hear here they tell to millions of Canadians; therefore it is important that they hear what is going on in the house. Some acoustic change should be made, but we should not have more noise in the house which would come from loud speakers; we should have less noise, but that noise should be heard.

These two suggestions might properly be considered by His Honour. I think we are badly in need of reform in that direction.

Item agreed to.

The Senate—

746. To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment to each member of the Senate who attended the first part of the present session which commenced on March 14, 1946, and ended on April 17, 1946, of an amount representing the actual transportation and living expenses of such member while on the journey between Ottawa and his place of residence, after the Easter adjournment of parliament on April 17, 1946, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date, or, in case any such member did not return to his place of residence during said recess, an amount equivalent to what would have been his travelling expenses if he had returned to his place of residence during the said recess, $5,000.

Mr. ST. LAURENT: The language in which this item is expressed does not convey what was intended by treasury board when the estimate was prepared. This language was copied from a former statute. What was intended by treasury board was that the travelling expenses of members who returned to their constituencies during the Easter vacation would be reimbursed to them, or that if they did not return at that time, but did return on some other occasion, the expense of one trip would be reimbursed to them. The language as it stands at present appears to go beyond that.

I move:

That the explanation of item 746 in the estimates be amended by deleting all the words after the words "on that date" and substituting therefor the following, "at any other one time during the present session."

Amendment agreed to.

Item as amended agreed to.

House of Commons—

750. To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment to each member of the House of Commons who attended the first part of the present session which commenced on March 14, 1946, and ended on April 17, 1946, of an amount representing the actual transportation and living expenses of such member while on the journey between Ottawa and his place of residence after the Easter adjournment of parliament on April 17, 1946, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date, or did not return to his place of residence during the said recess, an amount equivalent to what would have been his travelling expenses if he had returned to his place of residence during the said recess, $12,000.

Mr. ST. LAURENT: The same amendment is required in this item. I move:

That the explanation of item 750 in the estimates be amended by deleting all the words after the words "on that date" and substituting therefor the following, "at any other one time during the present session."

Amendment agreed to.

Item as amended agreed to.

PRIVY COUNCIL OFFICE

934. Office of the special commissioner for defence projects in northwest Canada—further amount required, $1,673.

Mr. GRAYDON: Has this special commissioner anything to do with the arctic situation?

Mr. ST. LAURENT: During the war there were United States forces located in Canada, carrying out some work in northwestern Canada. It was found necessary to ask them to comply with Canadian regulations. A special commissioner was appointed so that applications could be made to him instead of to Ottawa, for the purpose of saving time. He is still in control of joint operations in that part of Canada.

Item agreed to.

POST OFFICE DEPARTMENT

803. Departmental administration—further amount required, $15,000.

Mr. GRAYDON: Are the stamps to which I referred earlier to be sold, or will they be withdrawn? I wish I had studied them more closely before the matter was drawn to the attention of the minister on the earlier occasion because, not only is the plough a left-handed plough, but I find that the man driving the horse has undertaken to walk over the ploughed ground instead of over the sod.

Mr. McCANN: Although the hon. member may have travelled a great deal, perhaps this article from the Ottawa *Journal* of August 24 would be of interest to him:

Left-handed plows may be "strangers" to most of the members of the commons, but in at least one county in the United States they are 1,000 to one over right-handed plows.

Following the recent discussion in the house in which the appearance of a left-handed plow on the new Canadian issue of the eight-cent stamp was questioned, the philatelic division of the Post Office Department received a clipping from Missouri.

Dated O'Fallon, St. Charles County, Missouri, the letter declared that "out of 1,000 plows, not more than one is right-handed."

Mr. GRAYDON: I would say that we are still from Missouri.

Item agreed to.

DEPARTMENT OF AGRICULTURE

Administrative service—

693. Departmental administration—further amount required, $5,640.

Mr. BLACKMORE: I should like to have the indulgence of the committee for about ten minutes; I promise I will not exceed that time. I want to refer to the sugar situation in Canada. On July 9 I made a speech on this matter; what I said at that time I should be quite willing to say again. I would point out to the committee and the country as a whole that all is not well as regards Canada's sugar supply. I urge my fellow Canadians not to be lulled into a false sense of security in respect to sugar. There have been things happening lately which have lulled people into a false sense of security and I urge Canadians to be on their guard.

On August 6 the Acting Minister of Finance made a statement to the house to the effect that conditions had improved in the sugar situation and it was possible to give the people an additional amount of sugar. He said, as reported on page 4346 of *Hansard:*

Although world sugar supplies remain below requirements, the worst appears to be over and a gradual improvement in the future is to be expected. The improvement to date has made it possible for the wartime prices and trade board to make an increase in rations to household consumers. . . .

I would point out to members of the committee that that statement requires to be considered in the light of figures which were issued two days later by the bureau of statistics. The figures of sugar on hand as of July 13 were as follows:

	Raw sugar	Refined sugar	
	Pounds	Pounds	Total
1945 ...	144,806,728	94,667,906	239,474,634
1946 ...	115,047,793	119,467,906	234,515,699

As of July 13, 1946, we had 4,958,935 fewer pounds of sugar than we had in 1945. That is a serious comment on what the minister said and it is difficult to reconcile those figures with his remarks. What is the situation with respect to the world supply? It is quite as alarming. May I quote from an editorial by Wellington Jeffers, financial editor of the *Globe and Mail,* which appeared on July 18, 1946, as follows:

I mention the world at large because estimates for world output are that in 1946 production will be 7·3 million short tons less than in the average 1935-39 years, and 750,000 tons less than in 1945.

And again:

A million ton increase in the western hemisphere does not make up for the drop in wartorn Europe.

Figures to support Mr. Jeffers' remarks and what I have said are to be found in Lamborn Sugar Market Report, dispatch June 18, 1946, and in Willett and Gray's Weekly Statistical Sugar Trade Journal, dated after August 1. These two publications constitute the finest authority on the American continent, and they establish conclusively what I have said regarding the dangerous shortage which obtains in the world sugar situation. Beet sugar production in Canada is the lowest since 1923; I should like to quote again from what Mr. Jeffers said:

Sugar controllers this year, for beets at least, deserve a dunce's cap for permitting the lowest production since 1923.

The United States has done much to help her producers of beets and beet sugar; Canada, on the other hand has done much to hinder her producers of beets and beet sugar. There should be called immediately a conference of beet sugar producers and refiners. The whole matter should be talked over, and a group of incentives should be decided upon which would stimulate beet sugar production in Canada to the maximum capacity of the present plants; and also which would encourage the establishment of more beet sugar plants in Canada enough to make secure the sugar supply of Canada.

I am utterly amazed at the indifference which prevails in this house and in the Dominion of Canada with respect to the sugar supply. The way in which the sugar administrator in this country has been treating the sugar beet producers is absolutely extraordinary, as contrasted with the way in which such producers are treated in the United States and Great Britain.

Canadians are assuming that their sugar supply is safe. But we could have a dreadful emergency in which we could suffer painfully

for the lack of sugar. I have done my best to bring to the attention of this house and of the people of Canada the genuinely dangerous position they are in with respect to sugar. I urge the government now to take such measures as will provide that such splendid factories as, for example, the two factories in Ontario, shall not be closed. One of them is closed, and the other one is in danger of closing. A few provisions by this government would remedy the situation. I urge, Mr. Chairman, that the government act before it is too late, before we shall have nothing left to do but groan about what we might have done with respect to the sugar supply of Canada.

Item agreed to.

DEPARTMENT OF JUSTICE

General—

739. To provide for expenses in connection with the royal commission investigating the disclosure of confidential information to agents of a foreign power, $37,000.

Mr. IRVINE: Mr. Chairman, the matter upon which I wish to speak is well worthy of discussion in this house for several days. I mention that to emphasize its importance inasmuch as what I have to say must now be said in five minutes or so.

I want to bring to the attention of the minister and of the committee a matter or two in connection with the royal commission known as the Taschereau-Kellock commission which I think affects directly the civil liberties of the Canadian people. I think we ought to know now, if we have not known before, whether that commission was appointed to inquire into the alleged espionage charges brought forward by Mr. Gouzenko, or whether it was a commission invested with the powers of a court to pass judgment. I need not waste the time of the committee by quoting the reference to the commission which I have here, but if hon. members will read it they will find no indication there that the commission had any powers to find judgments on the individuals whose comings and goings they might have found it necessary to investigate.

I find that in the case of Doctor Shugar—and in view of the limitation of time I am going to centre my attack particularly on this case—the commission practically did pass judgment before Doctor Shugar was even charged with any crime, and for some time Doctor Shugar was at a great disadvantage. He was discharged from his position, largely I believe on the report of that commission. That is one of the questions I should like the minister, if he can, to answer. Just what was the reason for the discharge of Doctor Shugar?

I have here a copy of a letter from the Deputy Minister of National Health and Welfare to Doctor Shugar, dated July 19, 1946, in which the deputy minister says:

> Your letter to Doctor Morrell of July 17, asking for reasons for the notice of termination of your employment with this department, has been referred to me for reply.
>
> This was considered necessary in view of the report of the royal commission, appointed under order in council P.C. 411, February 5, 1946.

Here is another letter that was addressed to Hon. Doctor McCann, Acting Minister of Health and Welfare, dated July 27, 1946, by the Ottawa branch of the Canadian Association of Scientific Workers:

> The executive of the Ottawa branch of the Canadian Association of Scientific Workers would like to bring to your attention the following statement concerning Doctor David Shugar, approved at a meeting of the branch on July 25:
>
> "The executive of the Ottawa branch of the Canadian Association of Scientific Workers condemns the dismissal of Doctor David Shugar by the Minister of Health and Welfare on the basis of the final report of the Taschereau-Kellock royal commission. Such a procedure is all the more remarkable since the commission's opinions concerning Doctor Shugar were not acceptable to the courts on a previous occasion; in fact, were insufficient even to warrant his committal for trial. This precedent constitutes a threat to the security of all civil servants.
>
> The executive does not presume to judge the innocence or guilt of Doctor Shugar, nor should the Minister. That is a matter for the courts to decide. Therefore, in view of the fact that no such decision has been made, the executive is of the opinion that the minister was not justified in taking action, and calls for the immediate reinstatement of Doctor Shugar."
>
> We trust that, since Doctor Shugar's dismissal becomes effective August 1, you will give this your immediate attention.

The Acting Minister of National Health and Welfare in reply uses the following words—I shall quote only the germane part of his letter:

> I may say that Doctor David Shugar was seconded to the Department of National Health and Welfare from the navy for a special assignment and, having completed that assignment, his services would have been dispensed with despite any other circumstances that have arisen in the meantime. I cannot see from this action that there is any threat to the security of any civil servant. I am not judging either the innocence or the guilt of Doctor Shugar any more than the executive of your association says they do not presume to do.

That is the point at issue. You will observe, Mr. Chairman, that there are two different reasons given for the dismissal of Doctor Shugar. I could go on and give the committee public statements which have been made, one

made in this house by the minister of health, as well as statements reported in the news in the daily press dealing with Doctor Shugar's special work and that he was not really discharged because he had completed his job or because there was no more need for him, but that he was in fact discharged because of the report of the royal commission. It may be too late to do anything about the matter now in the case of Doctor Shugar and others who suffered, as they must have suffered, as a result of that report, especially when that report, when published, left the impression both on the public and on the court and jury that they were guilty. That was an injustice. The dismissal of a man even before he is charged cannot very well be justified. That is the protest in the interest of civil liberty which I desire to make. I want to add that this matter has outside and international implications which, had I the time, I should very much like to comment on.

Mr. BENTLEY: Mr. Chairman,—

An hon. MEMBER: Carried.

Mr. BENTLEY: "Carried" will not help anybody, I can assure the hon. member although I intend to be brief. It was my intention to have made a statement at more length with reference to this matter, but in order to do so as other hon. members have done in this committee, I will forgo a great deal of what I had intended to say. But for a moment or two I want to take the opportunity to express my complete disapproval of the actions of the government, the Prime Minister, the Minister of Justice and the Taschereau-Kellock commission for the way in which they have carried out these investigations. I am not the only one who feels that way. I had intended to read into the record three newspaper clippings expressing the opinions of three different people. The first is an article in the Ottawa *Citizen* of August 27, and is entitled, "Canada as the Cockpit." That in the main agrees with what I would have said to-day. The second one I would have read into the record is from the *Citizen* of August 24 of this year, and is a report of a meeting held at Geneva Park, Lake Couchiching, Ontario, on August 23, including a statement made by Mr. B. K. Sandwell, editor of Toronto *Saturday Night*, when he was addressing the Canadian Institute of Public Affairs. The third one is a long statement, which I would recommend anyone to read who can obtain it, and is taken from the *Canadian Mining Reporter* of August 23, 1946, and is headed, "Leslie Roberts Speaks His Mind." It is a cold-blooded and clear analysis of the performance which this commission, supported by the government and under government instructions, carried out during these spy trials.

I believe that a great deal of panic entered into the situation. The government's fear of communism or Soviet Russia or something else prompted it. But I submit that fear of anything is no excuse for the abrogation of the rights and fundamental liberties of individuals, and if we are to have the kind of country we would be pleased to have our new flag fly over, and be ready to stand up and face the rest of the world, as justly believing in our democratic institutions—which I do most emphatically and with great conviction and sincerity—we must prove to the people of this country and of other countries that our democracy provides those freedoms which we expect to have and to which we have a right.

I am going to give one quotation, the fourth I shall mention, from an article in the *Reader's Digest*, bearing on what I have just said and written by Mr. John Foster Dulles; it appears in the August issue, and the writer states this, on page 15, after dealing with a great many international affairs:

> No programme is fruitful if it is merely against someone or something. Successful programmes are those which are constructive and creative in their own right. What we need at this critical juncture is an affirmative demonstration that our society of freedom still has the qualities needed for survival. We must show that our free land is not spiritual lowland, easily submerged, but highland that, most of all, provides the spiritual, intellectual and economic conditions which all men want.

I commend that most sincerely to the perpetrators of this flagrant abuse of our Canadian customs and principles.

In conclusion—and this will be the final conclusion—I should like the government to give serious consideration to three matters which were mentioned by the hon. member for Cariboo. First, exonerate publicly those persons at present not acquitted by the commission's report but not formally charged in the courts; second, or properly charge them and give them the fundamental right to prove their innocence; and, third, take steps to see that those already tried and found guilty and at present undergoing punishment be treated in such a manner as to preserve their physical and mental health and maintain the pride of Canada in her democratic institutions and her claim to just treatment of all citizens.

Mr. ST. LAURENT: Just one word. I do not want to provoke a debate at this time. I appreciate the views which have been expressed by the two hon. members. I shall merely repeat that in positions of responsibility there are frequently things which are very

distasteful but which have to be done. All one can do is attempt to fulfil his duty and discharge the responsibility that is upon him, no matter how distasteful it may be.

The hon. member for Swift Current has said that there was apparently panic prompted by fear of communism or fear of Russia. There was no such panic and there was no fear of communism or fear of Russia, but there was fear of the apparent development in the public service of Canada of a loyalty to ideals other than Canadian ideals which would have been very detrimental to the national life of this country, and it was to search out that thing and rid the public service of Canada of it that the royal commission was established.

With respect to the quotation that nothing good comes from actions directed merely against something, I beg to differ, because I think much good will come from action directed against the spread of that mentality in the public service of our country.

Third, with reference to the recommendation of the hon. member that we consider exonerating those who have not been charged, or charge them, all those against whom there is in the report the suggestion that they have been guilty of conduct which would constitute offences will be charged before the courts and allowed a full opportunity to face the accusation and to disprove it if it is unfounded, unless it is found, by counsel selected by the department, that there are not sufficient grounds for even having a trial, and if that is found by counsel it will be published.

Mr. BENTLEY: Will they be exonerated?

Mr. ST. LAURENT: Well, if that does not imply as great exoneration as the report itself implies criticism, I do not know what other conclusion would be drawn from it. If the department, having employed counsel, gets the opinion from counsel that there is not enough to justify a trial, that advice is accepted by the department and its decision upon it made public, that should amount to an exoneration.

With respect to those who have been found guilty, hon. gentlemen may be assured that they are receiving the ordinary treatment that is accorded to all those who are unfortunately subject to detention in the penal institutions of the country. There should not be any impression that there is any animosity against individuals. There is detestation of what was revealed in the trials, but it is not directed against individuals; indeed, there is much sympathy felt for individuals because even the report shows that they were on a slippery path. I think one of the great advantages of the publicity given to the report has been to awaken the conscience of large multitudes in Canada to the realization that there are slippery paths which it is advisable to avoid.

I may say to the hon. member for Cariboo that at no time was Doctor Shugar a permanent employee. At one time the confidence of the minister responsible to this house for the conduct of the department was shaken, so far as Doctor Shugar was concerned, to the extent that he no longer wished to be responsible to parliament and did not wish to continue that person in his employ, and that is something which all of us have to face up to. I know of an interview between Doctor Shugar and the minister in which the attitude of Doctor Shugar was such that, even if there had been nothing else, his minister would probably not have considered retaining him in his employment. Doctor Shugar was perhaps convinced, because of the depth of his feeling in the matter, that what he was saying was so, but he stated there that the royal commissioners had deliberately falsified the evidence. I would not retain in the service of my department anyone who expressed to me the opinion that two of the justices of the Supreme Court of Canada had deliberately falsified evidence.

Mr. IRVINE: I must accept the minister's statement, but I would not leave the matter there if I had time, because there are other phases of the situation with which I should like to deal. I might say, however, that it could not but be prejudicial to the case of Doctor Shugar to have him discharged. However, we shall have to let that go now. As far as its international implications are concerned—and there are international implications—I would say that the evidence which we have against some of our own citizens, and which has sent some of them to gaol and may send others, was based upon the statements of a man who had been a traitor to his own country and whom we protected, and while protecting him we were endeavouring to punish people who were alleged to have committed similar offences in our own country. That is probably permissible in law, but it is not a very sound basis on which to build a case. I should like to get at some of the things that were quoted and were reported in the royal commission's report coming from the lips of Gouzenko, which not only had to do with individual cases but which have to do with Canada's international relationships, directly affecting ourselves and Russia. I can

quote some of these, but I do not want to take up the time of the committee. However, may I ask the minister whether it would not be possible to have tabled the entire exchange between the Russian embassy here and the government with reference to this affair.

Mr. ST. LAURENT: All I can say is that the request will receive consideration. There will be no time to comply with it this session, but we shall have time to give it consideration before another session is convened.

Item agreed to.

DEPARTMENT OF EXTERNAL AFFAIRS

41. Departmental administration, $767,480.

Mr. JAQUES: It seems that we have disposed of the business that was before us a good deal more expeditiously than we had thought possible and it is not yet two o'clock. I should like to make this statement, and if I am not interrupted it will not take me very long.

The CHAIRMAN: Order. The hon. member says that he wishes to make a statement, which he is about to read. I must remind him that under the rules he is not in order in reading from a written and previously prepared speech. Standing order 41, paragraph 293, forbids this, and I think the rule should be enforced.

Mr. JAQUES: Then I must say that, had that rule been complied with strictly, the house would have adjourned three or four months ago and perhaps sooner than that. The only reason I propose to stick to my notes closely is that I wish to expedite the business of the house. I can get through so much quicker; that is all. I find it an effort to speak anyway and, when I have to think as I go along, I am so much slower.

The CHAIRMAN: I recall distinctly Mr. Speaker directing the attention of hon. members on several occasions to the rule in this regard and I felt it my duty to remind the hon. gentleman of it.

Mr. JAQUES: I see the point, Mr. Chairman. I will merely stick closely to my notes. I speak as a member of this new committee on external affairs. When the committee started I was quite enthusiastic because I thought the opportunity would be seized to use the facilities of the committee in order that we might get first-hand information on the various international questions which are of so much importance at the present time. I thought we could call witnesses from both sides, and then, having heard both sides, we could make up our minds as to the truth. But that did not seem to meet with the approval of the committee until, toward the end of the proceedings, permission was requested by the zionists to bring witnesses before the committee to put their case about Palestine. That was agreed to, provided that the Arabs had a similar privilege afterwards. That was the only discussion we had during the sittings of the committee on external affairs, and since Palestine is the master key to an understanding of the international situation I should like to devote a few minutes to that subject, not so much to the actual conditions in Palestine itself as to the zionist-communist forces which seek world control. With regard to Palestine itself, of course there is a virtual state of war. There is also an insidious and persistent propaganda in favour of world government and a world police state. To-day speakers have apparently expressed approval of the present state of the people in the world, but I should like to quote from the oldest and perhaps the most respected Liberal paper of the old country, which is the weekly called *Truth*. This is what the editor has to say on world conditions at the present time:

> Over half the world to-day men are allowed to live only if their lives be deemed inoffensive to the gangs which have butchered their way to power. They are kept in complete slavery, fed on lies, their thoughts manipulated this way and that by puppet tyrants. Is this the reign of civilization, or is it the return to the barbarian, made terrible by his having learnt, down to the smallest detail, the meticulous organization of savagery as an instrument of power. Over most of the rest of the world, spread like a hideous gangrene, is an organized exploitation of human want, helplessness and misery so all embracing that entire nations are smothered by it, and entire bureaucracies and armies caught up by the opportunity of the times to oppress, plunder and defraud the scores of millions who have no defence and no rights.

This is a matter of vital importance to Canadians. Only this morning, since I have been sitting in the house, I received a pamphlet headed "Protest the British Terror in Palestine!" The article goes on to say:

> Palestine lies crushed under a regime of brutal terror for the last several weeks. Under the pretext of suppressing terrorism, the British labour government under the leadership of Attlee and Bevin have begun a campaign to wipe out the "Yishuv", in order to strengthen British imperialist domination over the peoples of Palestine and the near east. It is tragic to note, that since the crushing of Hitlerism, Great Britain, pretended friend of world Jewry, has been the first power to strike a heavy and shameful blow with the full force of her armed might against the Jewish people.
>
> The sudden raids of June 29, can only compare with the brutal anti-Jewish terror of the nazis in the various ghettos in Europe at the time of Hitler's domination.

I am not going to read any more of that, but the point I wish to make is that the pamphlet which my correspondent tells me is being circulated by the thousands in Montreal is issued by the Cartier council of the Labour Progressive party.

I do not want to be political; I am not speaking in a political sense and I do not wish to be taken as speaking in a political sense. I am speaking as a Canadian who wants to do what he can to preserve the freedoms which we possess at the present time. But I am bound to say this: The leader of the C.C.F. party (Mr. Coldwell) publicly has supported political zionism not only in Canada, but in the United States, thereby deliberately inflaming ill-formed American opinion against Great Britain. I have been in the United States during this session, and I have addressed meetings there. The propaganda inspired by zionism in the United States against the British is a terrible thing. Even after the David hotel outrage, the C.C.F. continue to denounce British policy in Palestine as anti-Semitic and elsewhere as imperialistic. Palestine threatens the peace of the world. If Great Britain resists zionist demands to seize control by force of arms, the Jews, the communists and fellow travellers will stir up anti-British feeling everywhere. On the other hand, unless Great Britain refuses further demands for unlimited Jewish entry into Palestine, the whole Moslem world may be driven within the orbit of Soviet Russia. That has been the aim of socialist-supported communist policy in Greece, Poland, Yugoslavia, Spain, Argentina, India, China; while everywhere the lying, blackmailing, smear-bund goes to work, labeling as anti-Semitic and fascist all opposition to this policy. And it all adds up, Teheran, Potsdam, Bretton Woods and Dumbarton Oaks, in place of the Atlantic charter; Zionism, Palestine, Moscow, the Laskis, Baruchs and Morgenthaus, and the surrender of sovereignty; the spy ring, the smear-bund, the anti-defamation league, the Carlsons, Winchells, the Philpotts, Haltons, Dyson Carters, Raymond A. Davies and the rest of the red network. The communist Labour Progressive party, the C.C.F. and other fellow travellers all are—

Mr. MacINNIS: I hate to interrupt the hon. member in the enjoyment that he is now having in communing with himself, but when he refers to the C.C.F. as fellow travellers he has to withdraw the statement. Yesterday he said that the Liberal party was supported in the last election by the Labour Progressive party. If that is so, and I agree there are some grounds for it, and the Labour Progressive party did that in opposition to the C.C.F., how can the C.C.F. be a fellow traveller of the Labour Progressive party and at the same time be opposing the Labour Progressive party? The hon. gentleman should try to put a little sense in what he says.

Mr. JAQUES: At the beginning I said this was not political.

Mr. MacINNIS: That is not the question.

Mr. JAQUES: I am stating only facts.

Mr. MacINNIS: When my hon. friend says he is stating only facts—

Mr. JAQUES: Mr. Chairman—

Mr. MacINNIS: The hon. gentleman says that he is stating facts when he says I am a fellow traveller. As a member of the C.C.F. party I say to him that he is lying.

Mr. JAQUES: It depends on what you call a fellow traveller.

Mr. MacINNIS: Yes, of course.

Mr. JAQUES: My definition of a fellow traveller is this. When a man or a party continually supports the policy of another party, then I say that he or they are fellow travellers of that party.

Mr. MacINNIS: The C.C.F. has never at any time supported the communist party.

Mr. JAQUES: I will put it in this way: the communists and the C.C.F.'s support the same party.

Mr. MacINNIS: They do not.

Mr. GRAYDON: Yes, they do; they support the Liberal party.

The ACTING CHAIRMAN (Mr. Golding): Order.

Mr. MacINNIS: The hon. member never said anything about the Progressive Conservative party.

The ACTING CHAIRMAN (Mr. Golding): Order.

Mr. GRAYDON: The Liberals and my hon. friend's party are in the same bed and cannot get out of it.

The ACTING CHAIRMAN (Mr. Golding): Order.

Mr. PROBE: He should be asked to withdraw.

Mr. GRAYDON: You are in the same bed.

Mr. JAQUES: Let me qualify my statement. Fellow travellers are not confined to the C.C.F.; they are over here; they are in the Conservative party, and I know we have some in our party. I am not including members of the house. Do not misunderstand

me. I do not say that of members of the house. I emphasize that the communists have invaded every organization and every political party in this country and in every other country. If anybody doubts that, then I will say there were only twelve disciples and one of them was a Judas. However, all "fellow travellers" have consistently worked to undermine British prestige, authority and loyalty everywhere for the benefit of Wall street, Marx and Moscow.

But the truth is out.

An hon. MEMBER: Get on with the Jews.

Mr. JAQUES: And the less interruptions I have, the sooner I will get through. The truth is out. The white paper and note recently issued by the British government state that the zionist terrorist outrages leading up to the David hotel bombing were not the acts of a few fanatics, but the deliberate policy of the responsible Jewish agency. There I quote the British white paper. British opinion is turning.

Let me quote from *News of the World,* which claims to be a paper with the greatest circulation in the world, and it cannot be accused of being Tory, or anything of that kind. In its issue of July 28, it says this:

> The truth is out; the same truth that this paper has been printing for two years. A government white paper has demolished the popular editorial view that Zionist terrorism was the "misguided action of a few fanatics." It has proved the responsibility of a Zionist army, conscripted, trained and equipped by leaders of the Jewish agency.
>
> Their formal expression of regret after the outrage in Jerusalem was but a mockery of the men who were killed. The underlings are behind barbed wire; but, what of the bosses? . . .
>
> This paper can do no more than state once again the truth: Zionism is a political movement, and the leaders have as little compassion for the too-old-to-fight Jewish wrecks of Europe as concern for the Englishmen they kill. Their policy has had one—and only one—aim since Balfour was duped in 1917: the creation of a Palestinian Jewish state. No other country than Palestine was acceptable, for their state had to straddle the narrow bridge between east and west and be in a position to change at will the balance of power—in fact, to dominate the world.

A year ago the C.C.F. claimed that the victory of the British Labour party was a victory for the C.C.F. I am not denying that; I am not disputing that at all. But now they denounce the British foreign policy as anti-Semitic and imperialistic. Let me quote from the Montreal *Gazette* of July 24, 1946:

> Speaking to a large group of Montreal Jews recently Mr. Alistair Stewart, C.C.F. member for Winnipeg North said, "Many people think the British Labour party is allied with the C.C.F. party in Canada but that is not so. There may be some similarity as to certain points, but the C.C.F. could never ally itself with a government that had broken a promise such as that to the Jews in Palestine." Politics of this sort, he said, were not within the spirit of socialism.
>
> Urging the immediate entrance of 100,000 Jews into Palestine, Mr. Stewart ridiculed the idea that such immigration would lead to an Arab revolt.

Mr. McIVOR: I rise to a point of order. I can stand a lot of listening, for a long time. But I refuse now to listen to a speech that is being read. The hon. member must deliver his material without reading it.

Mr. JAQUES: I am reading a quotation from the Montreal *Standard.* But may I say this, that if members are willing to listen to one side of the story, why are they not willing to listen to the other side? We have heard the other side of this story, and it is about time this side was heard.

Mr. McIVOR: I do not mind if a man has something to say on a subject, and says it.

Mr. JAQUES: That is my job. That is up to me. The hon. member for Winnipeg North went on to say that he urged the immediate entry of 100,000 Jews into Palestine, and ridiculed the idea that such immigration could lead to an Arab revolt; the Arabs could never organize any resistance which could not be easily overcome.

But suppose the Arabs do revolt, and the revolt leads to a general uprising of the Moslem world, which it probably would do; what then? Will the hon. member for Winnipeg North, or will the C.C.F. leaders tell the Canadian people whom they would expect to put down the revolt? Would we expect Canadians to fight another war? If these zionists declare war on Great Britain, as they have threatened to do, will the C.C.F., or will the hon. member for Fort William, tell us whether Canada would support the zionists, or whether we would support the British? That is a nice question, and it is one which may have to be decided by the people of Canada before we are much older.

The real battle for the control of Palestine, the key to world control, will not be decided in the Holy land, but in the banks, presidential anti-rooms, and lobbies of parliament and congress. It is significant that two similar threats have been made against the British people by Wall street. The first threat was that, unless Bretton Woods proposals were accepted, there would be no United States loan. May I remind hon. members in the Conservative party that Viscount Bennett, as he is now known, voted against the Bretton

Woods proposals when the vote was taken in the British House of Lords, and was supported by a number of Labour members.

The second threat was that, unless the gates of Palestine were opened wide in contravention of the Balfour declaration, there would be no United States loan. Both these threats come from the same source. Two great and friendly nations, the British and the American, are being goaded into friction over the recent financial arrangements, while the American people are being stirred up against the British people by zionist propaganda and hate. I am the personal witness of that propaganda in the United States. I am speaking to those people as much as I am to the people of Canada. That is the satanic intention of the hidden hand behind the scenes in all these arrangements. The essence of all international and financial policy is the centralization of power. Control of credit is the chosen instrument of the hidden hand for securing it. Such policy is the inversion of national and personal freedom.

Mussolini and Hitler are dead, and the war in Europe ended over a year ago. But the people of Europe are more hungry and more miserable than they were during the war. What is the reason? Famine can result from a lack of harvest or of transport; it can be imposed deliberately for political purposes. For political reasons German fertilizer plants which formerly supplied European farmers have been destroyed. No locomotives can be built in Germany until 1950. Stalin took the only food surplus area in Germany and now, as the socialist *Daily Worker* says, food is an international political weapon. You have only to see what has happened lately in connection with UNRRA.

Our political leaders have agreed to the uprooting of millions of peoples from their farms and homes who have been driven in midwinter like cattle across Europe to food importing areas. From Poland and other countries in eastern Europe millions of our former allies have been deported to Russia as slave labour. The orphaned children of these slaves, our wartime allies, are tubercular from starvation and hardship. We hear only of the sufferings of one people, the Jews. I am not saying for one moment that the Jews have not suffered; they have suffered, but millions of other people have suffered, and apparently we are not concerned with them in the least. They are suffering to-day as the result of policies agreed to at Potsdam and by other allied agreements.

We have told every individual in the industrial heart of Europe that for a generation, no matter how hard he works his standard of living cannot exceed the lowest in Europe. What incentive is there to work, to put their hearts into restoring their countries, when they are told it does not matter what they do, their standard of living cannot rise? It is something like our prisoners of war who are paid fifty cents a day. As I said this morning, I am not blaming the Minister of Labour, but is that an incentive to get work done? Do we want Europe to remain a ruin, or do we want to restore it as quickly as possible? Many people pride themselves upon being progressive, but it seems to me that the idea of many of them is to progress backward from the spirit of the New Testament to that of the Old Testament.

All the terrible convulsions and troubles and upheavals in the world are the result of aliens seeking to impose their atheistic, oriental collectivism upon national cultures of individualism. Their latest plan is to vest the exclusive monopoly of the atom bomb with a few men whose motives would remain hidden from the rest of mankind. These are to be known merely as the atomic development authority and would have the power to rule all nations and all peoples. According to the plan the basic proposal is the destruction of all atomic bombs, but what it really means is not the destruction but the disposal of the atomic bombs in accordance with the terms of some treaty yet to be concluded. ADA—atomic development authority—would use the bomb as its teeth. To me and to others this seems more dangerous than the atom bomb itself, more dangerous than either nazi Germany or communist Russia, because there would be no appeal from its decrees.

However, there are people who see through this latest threat of the hidden hand. There are those, and their numbers are growing—I might say that it seems to me that Field Marshal Montgomery is one of them, if I can judge from his remarks the other day—who think it would be far more terrible for only one power to control the bomb. They think the atom bomb should and will fit into the defence calculations and precautions as all other weapons have fitted. These people see more danger in the control of the bomb than in the bomb itself, and they believe that the greatest deterrent against the abuse of that atomic bomb control would be the knowledge that the intended victims also had the atomic bomb.

If we would win the peace, as we won the war, for freedom and justice; if we would escape the serfdom of an alien collectivism, we must do more than denounce its agents.

Do not make the mistake that the end of the spy ring is the end of this danger. That was merely a spot caused by the disease, and you cannot cure a disease by curing the spots.

If we value anything more than our freedom, we shall lose our freedom. Peace can be imposed, but it cannot be maintained by force. Christianity and communism or collectivism, or zionism if you like, cannot unite to form a world government. No man or group of men ever can possess the vitrue or the wisdom to govern the world. World government means world dictatorship. Only crooks demand and only the craven desire security at the price of freedom. Our only hope for peace with freedom must be based on Christian principles, in the words of the Atlantic charter, and these are the words of the late President Roosevelt and the then prime minister of Great Britain:

> That is no vision of a distant millennium. It is a definite basis for the kind of world attainable in our own time and generation. That kind of world is the antithesis of the order of tyranny which dictators seek to create. To that order of tyranny we oppose the greater conception—the moral order. Let our nations place their destiny in the hands and heads and hearts of millions of free men and women, and their faith in freedom under the guidance of God.

Mr. IRVINE: Mr. Chairman, I want to take just one minute. All of us regret that greater opportunity could not be afforded for the discussion of international affairs. The subject was opened very ably by the hon. member for Peel. He made a speech which was creditable not only to himself but to this house and we would have liked to have followed him with our own views but opportunity does not permit. I regret that at this late hour when we cannot discuss the matter we should have had to finish with what I am going to call the dog's breakfast which we have just listened to. There is one point that I want to make in respect to that speech. The hon. gentleman regretted that the fertilizing factories in Germany had been shut down. That is a regrettable thing. I do not know whether I would be in order, sir, in making a motion that this parliament undertake to send the hon. gentleman's speech to Germany, where no doubt greater crops will come as a result.

Mr. HERRIDGE: I just wish to say a word as a result of the remarks of the hon. member for Wetaskiwin. Like the other speakers, I appreciate very much the protests made by the hon. member for Peel, and I regret very much that we have not more time for this discussion of external affairs. I am firmly of the opinion that those who brand every progressive as communist and every innocent person with some old-fashioned ideas as fascist are not making any contribution to the development of this country or to the development of international peace.

Item agreed to.

The ACTING CHAIRMAN (Mr. Golding): Before I leave the chair, I want to take this opportunity of expressing my personal thanks to all the members of the house for the kindness and courtesy they have shown me while I have been presiding over this committee.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

Right Hon. L. S. ST. LAURENT (Acting Prime Minister) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. ST. LAURENT moved:

> Resolved that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1947, the sums of $888,954,394.10, $142,644,296.99 and $2,000,000, respectively, be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time and concurred in. Mr. St. Laurent thereupon moved for leave to introduce bill No. 393, for granting to His Majesty certain sums of money for the public service for the fiscal year ending March 31, 1947.

Motion agreed to, bill read the first and second times, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

Sections 1 to 6 inclusive agreed to.

On the schedule:

Mr. ST. LAURENT: Mr. Chairman, with respect to the schedule I would ask my colleague to move the same amendments that were moved to resolutions 746 and 750. That is to delete ambiguous language and replace it by language providing that the expenses paid to an hon. member of either house would be for his journey to his residence at Easter or on any one other occasion.

Mr. HOWE: I so move, Mr. Chairman.

Mr. GRAYDON: Are these the only two amendments that were made from the beginning of the estimates to the end?

Mr. ST. LAURENT: Yes. I think the matter has been very carefully checked and the officials of the Department of Finance tell me that these are the only two amendments required to have the printed schedule conform with what has been agreed to by the house.

Amendment agreed to.

Motion as amended agreed to.

Bill reported, read the third time and passed.

HOUSE OF COMMONS

EXPRESSION OF THANKS OF HOUSE LEADER TO MEMBERS, COMMITTEES AND STAFF

Right Hon. L. S. ST. LAURENT (Acting Prime Minister): Mr. Speaker, before moving the adjournment of the house until four o'clock I have to fulfil a promise I made to the leader of the house (Mr. Mackenzie) before he left last week, and that was to express his thanks and my own to all hon. members for the co-operation which has been extended to us in fulfilment of the generous declaration of the hon. leader of the opposition (Mr. Bracken) before the Prime Minister left for his trip to Paris, that members would be disposed to be as helpful as possible in taking care of the business that would have to come before parliament. I do not think I can do better than communicate to the house the notes which the house leader left with me before he went away. He wished to say:

"With the indulgence of the house, always so courteously and generously given, I should like to make a few remarks before we prorogue.

"Outside the session of 1910, which was mainly engaged in acrimony"—I was not here then, so I take no part in that note—"this has been one of the longest sessions of the Commons of Canada." It has certainly been one of the most fruitful.

"I should like to utter a word of thanks in the first place to the leaders of the parties opposite, the leader of His Majesty's Loyal Opposition, the leader of the Cooperative Commonwealth Federation and the leader of the Social Credit group, for their spendid cooperation without any curtailment of their responsibilities of constructive criticism.

"I should like to thank the chief government whip, the hon. member for Macdonald (Mr. Weir), and his assistant, the hon. member for Compton, (Mr. Blanchette). Also the chief opposition whip, the hon. member for Grenville-Dundas (Mr. Casselman); the whip of the C.C.F. party, the hon. member for Winnipeg North Centre (Mr. Knowles); and the whip of the Social Credit party, the hon. member for Bow River (Mr. Johnston). I should like also to thank the various provincial whips for their splendid cooperation.

"This year we have established a record in the number of committees of this house. There have been nine standing committees of the house, actively functioning. There have been six special committees of the house, who have all rendered great and devoted service. I should like to thank the chairman and the members of these committees for their assiduous and sustained attention to the work of parliament, and to congratulate them upon the results of their labours. I should like also to thank the staff of the Commons, the Sergeant-at-Arms, the messengers, and the boys who were so alert and aware in attending to our requests for papers and documents and the exchange of those friendly notes which make the work of parliament so pleasurable.

"Also, if I may, a word to these painstaking and patient and very efficient reporters of our debates, the staff of *Hansard*. I should like also to thank the clerks at the table for their unfailing courtesy.

"I should like at this time to say a word of thanks to Mr. Golding, the hon. member for Huron-Perth, for his devoted services as chairman of the committee of the whole, to which so much of his time has been devoted; and also, with the permission of the house, to thank the Deputy Speaker, whose benevolent neutrality has adorned his position.

"Last of all, Mr. Speaker",—I am reading from the leader's notes, but I know all hon. members would wish to be associated with it—"I should like to be permitted to convey to you, the thanks of this House of Commons for your gracious courtesy, for your splendid custody of the privileges of the house, and of the house itself, and for your unflagging industry in the high office which you adorn."

May I, without announcing any other business, now suggest that the sitting be suspended until 3.50 p.m. this day.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, I am very glad to join with the Acting Prime Minister (Mr. St. Laurent) in his words of commendation of the officials of this house in their many different capacities. With respect to what he had to say concerning the Minister of Veterans Affairs (Mr. Mackenzie) who is not now with us, I might make one observation: we have appreciated the way in which he has carried on in the house, but if I might express a

personal opinion I would say that when he is away and the Minister of Justice is leader of the house, we get along much better. That is not meant to be in any sense derogatory to the Minister of Veterans Affairs, but it is meant to be a compliment to the Minister of Justice.

I do not know that there is anything more that I can say now. The compliment I offered to the Acting Prime Minister was a sincere one. When the Prime Minister himself went away I undertook to do my best to keep the government in the straight and narrow path. In that we were only partly successful.

Mr. ST. LAURENT: It was straight, but not always narrow.

Mr. BRACKEN: We are going to keep on, and I am hopeful that the government will more and more continue to take our advice, and to the extent that they do we will still continue to try to keep them in office.

It has been a long session, and controversial in spots, but I would say that there is a better spirit between the members of our groups in the House of Commons to-day than there has been at any time since I have been a member. I am sure that this is a matter of gratification to all of us.

Mr. ANGUS MacINNIS (Vancouver East): I should like on behalf of this group to associate myself with what the leader of the opposition (Mr. Bracken) has said. I doubt, however, his sincerity when he said he hoped that the government would always remain on the "straight and narrow", because even if he were sincere he is, I think, of the opinion that they won't, and that that will give him his chance some time.

I am glad that he mentioned the right hon. Minister of Justice (Mr. St. Laurent) who is Acting Prime Minister. I had it in mind to do that if he had not done so. The leading of this house is not an easy matter, and the Minister of Justice has discharged that function with so much ability, tact and fairness that I think he has impressed all of us; and that, particularly, as he is a relatively new man in the house. It takes years to understand Beauchesne's rules, and to have got such a good grasp in so short a time—

Mr. GRAYDON: It takes centuries.

Mr. MacINNIS: It takes centuries; I do not expect to live long enough to get beyond the first two or three pages, and those do not matter. I am glad to associate myself wholeheartedly on behalf of this group with what the leader of the opposition has said.

[Mr. Bracken.]

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I have noted on almost all occasions when words of felicitation are uttered in the house by the various groups that, by the time the government, the leader of the opposition (Mr. Bracken) and the leader of the C.C.F. (Mr. Coldwell) have spoken, everything that can be said has been said and not much is left for this group to say on these matters. So all I will say at this time, Mr. Speaker, is that this group concurs most heartily in all the words of felicitation that have been spoken this afternoon.

Mr. ST. LAURENT: Mr. Speaker, you and I have both been highly complimented. I presume you will allow me to say on your behalf as well as my own that we are both very grateful to the hon. members for the consideration they have shown us.

VETERANS AFFAIRS

AIRCRAFTMAN LOWELL T. CAMPBELL—ANSWERS TO QUESTIONS ASKED BY MR. BLACKMORE ON AUGUST 24

Mr. W. A. TUCKER (Parliamentary Assistant to the Minister of Veterans Affairs): Mr. Speaker, by leave of the house, before you put the motion to adjourn may I table the answers to the questions which the hon. member for Lethbridge (Mr. Blackmore) addressed to the Minister of Veterans Affairs (Mr. Mackenzie) on August 24 last, concerning R.160165 Lowell T. Campbell, and appearing in *Hansard* of that date, pages 5321 to 5323 I have just obtained these answers and with the leave of the house I would like to have them put on *Hansard* without reading them. As the house will remember, the hon. member for Lethbridge addressed to the government thirty-one questions. The answers are quite extensive. By leave of the house I would like to table them and have them printed in *Hansard*.

Some hon. MEMBERS: Agreed.

Mr. TUCKER: The questions were as follows:

1. Was Lowell T. Campbell, R160165, discharged from Shaughnessy hospital on August 6, 1946?

2. Was veteran Campbell's back in an iron brace to support an injured spine when he was discharged?

3. Had veteran Campbell been receiving $117 a month to support himself and five dependent children?

4. Had Lowell T. Campbell's wife been lost to him in February, 1945, leaving him under the necessity of placing his children in the homes of various relatives?

5. Would Lowell T. Campbell have been required to pay for each of those children, and

was he required to pay $25 a month for board and lodgings and pay additional costs to cover clothing?

Hon. members will of course see the significance of question 5. We are trying to assess the adequacy of $117 which had been allowed Mr. Campbell.

6. Is each of these five children now between six and twelve years of age, therefore, requiring school supplies, in addition to the $25 per month for board and room, the cost of clothing, the cost of medical and dental care, et cetera?

7. Would the British Columbia welfare organization demand at least $30 a month per child, plus family allowances, if that organization were to assume charge of the children?

8. Would the cost of supporting his five children therefore constitute for veteran Campbell a monthly expense of at least $125 besides the family allowances?

9. Did the minister's department give effective thought to the question, how was veteran Campbell to get $125 a month out of $117 a month which the minister's department allowed him?

10. When veteran Campbell was discharged from Shaughnessy military hospital on August 6, was even the $117 a month cut off arbitrarily?

11. Was veteran Campbell discharged from Shaughnessy military hospital on August 6, with a cheque for approximately $20?

12. Would $16.70 of his cheque be apportioned to veteran Campbell's five children to support them and fit them up for school, leaving, of course, $3.30 to support veteran Campbell until with an iron brace on him to support an injured spine, he could take a job and receive his first pay cheque?

13. Did veteran Campbell on March 19, 1942, enlist as a member of the ground crew of the R.C.A.F.?

14. Was veteran Campbell at the time of his enlistment sound in physical health?

15. Was veteran Campbell sound economically on enlistment? That is, was he able to work at various jobs and support his family, and was he doing so—raising a family of young Canadians for future time?

16. Was veteran Campbell upon enlistment sound mentally and emotionally? I may say to the minister and to the committee that veteran Campbell has been lacerated because of certain remarks put on his file which would seem to reflect upon his intelligence and emotional stability. This has greatly aggravated the mental anguish under which this veteran now suffers, and that is the reason for the question.

17. Was veteran Campbell injured while on military duty?

18. Of the successive incidents which resulted in further development toward veteran Campbell's present state of partial physical incapacity were several the result of official decisions and actions taken by various men for whose official decisions and actions the government of Canada is directly responsible?

19. For example, was it a Canadian officer before whom veteran Campbell came on sick parade on the April morning following his injury?

20. Was it a Canadian officer who on May 5, 1942, told veteran Campbell that his back was normal, and that the injury was just a sprain, and that aircraftman Campbell could carry on with full duty?

21. Was it a Canadian officer who assigned aircraftman Campbell to work in hospital at No. 2 S.F.T.S., Uplands, Ottawa, where one of this aircraftman's duties was to wax floors?

22. Were they Canadian officers who, when aircraftman Campbell reported his condition to them, treated his reports lightly, asked him such questions as: "Where is the pain this morning?" in a partly flippant and ridiculing manner, and who treated him with physiotherapy by means of heat pads, while the aircraftman assured them that the pain was only intensified by the treatment?

23. Was it a Canadian officer who, after June 24, 1942, ordered that aircraftman Campbell be sent to Ottawa civic hospital where under the care of Doctor Young a body cast was applied to the aircraftman for four weeks, and later a body cast extending down the left leg to the ankle for eight weeks, and later more heat treatments were given?

24. Was it a Canadian officer upon whose orders aircraftman Campbell was then taken to the Daly building to Doctor J. P. S. Cathcart, psychiatrist, where he was questioned about his past life, his family and his father's family?

25. Was it through the remarks or hints of a Canadian officer that it was intimated to aircraftman Campbell by October 1, 1942 that the aircraftman would do well to seek his discharge?

26. Was it through orders of a Canadian officer that discharge papers were brought to aircraftman Campbell to sign, which papers the aircraftman refused to sign?

27. Was it through a Canadian officer's orders or hints that the padre, approximately the last of October, 1942, told aircraftman Campbell that he had been struck off strength, thereby causing aircraftman Campbell to ask for immediate discharge and to receive it on October 31, 1942?

28. Was it on order of a Canadian officer that aircraftman Campbell was transferred to Christie street hospital. from which aircraftman Campbell was discharged on December 21, 1942, and sent home to Alberta?

29. Was it on orders of a Canadian officer that Campbell was discharged from Belcher hospital, Calgary, on May 5, 1943? May I at this point observe, for the sake of hon. members who, I notice, are following my remarks closely, that it was clearly to be seen that the aircraftman was unable to do heavy physical work. And yet when he was discharged from Christie street hospital and sent home to Alberta he had no alternative but that of engaging in hard physical work such as ranching and other kinds of work he has been doing. The result was that, naturally, on account of his weakness, he became afflicted again and had to seek admission to Belcher Hospital. He was discharged from Belcher Hospital after a very few days. Of course by that hon. members can clearly see that someone representing the government needed to have his actions reviewed.

30. Was it on orders of a Canadian officer that Campbell, in his weakened condition, was denied allowances adequate to support himself and his family without going to work at heavy labour?

31. Was it through Canadian officers that Campbell was refused attention by Shaughnessy hospital when he applied for attention, (1) alone; (2) in company with the provincial president of the army and navy veterans in British Columbia, although later, after Camp-

bell had consulted Doctor Frank Emmons, he was finally admitted to Shaughnessy hospital on January 16, 1945?

The answers are as follows:

1. Yes.
2. The Taylor Brace, which is the usual support worn for such back conditions as Mr. Campbell's, was supplied in February, 1946. Whether he was wearing this on his discharge from hospital is not known.
3. Immediately prior to discharge from hospital Mr. Campbell had been receiving hospital allowances in a total amount of $117 per month.
4. Statements by Mr. Campbell are available to the effect that his wife deserted him in December, 1942, and that a divorce was granted on February 5, 1945.
5. There is no official information but it appears that Mr. Campbell himself made arrangements to pay $25 a month for the care of each child and to supply necessary clothing.
6. The ages of Mr. Campbell's five children range from 5 to 12 years.
7. In a letter signed by Mr. Campbell dated January 29, 1946, the following appears: "I went to the Provincial Welfare and made enquiries about placing them in a foster home. I was told by Mr. Blanchard of the Provincial Welfare that it would cost $30 plus Family Allowance per child."
8. See answers to 5 and 7.
9. The maximum hospital allowances permissible under the regulations in Mr. Campbell's case are $117 as an in-patient or $132 as an out-patient.
10. Hospital allowances cease on discharge from treatment and consideration is given to the possible award of pension at once. See footnote.

11 and 12. On discharge from hospital, this veteran would have been paid part or all of the balance of hospital allowances standing to his credit at that time. A copy of the ledger sheet has been requested from the department's district office but has not yet been received.

13. Yes.
14. Yes, as far as may be determined from his own history and routine enlistment medical examination.
15. From information available on his R.C.A.F. documents there is nothing to indicate his economic state on enlistment. There is nothing in his interrogation or examination to show that he was unable to work at various jobs and support his family. He was supporting his family prior to enlistment by farming, according to his enlistment statement.
16. The question of being "sound mentally and emotionally" cannot be assessed, as a psychiatric record was not carried out at that time on entrance examinations.
17. Campbell was not injured on military duty in the sense of an accident. He states that, when doing physical training, he felt a "sudden snap" in his back.
18. The "successive incidents" referred to by Mr. Blackmore do not appear on R.C.A.F. files and are not understood.
19. Veteran Campbell reported in April at No. 1 Manning Depot, Toronto, to an R.C.A.F. Medical Officer.
20. There is no R.C.A.F. record that any Medical Officer told Campbell that his back was normal on May 5, 1942.
21. No record exists of Mr. Campbell being assigned to wax floors at No. 2 S.F.T.S. Hospital, Uplands, but, in accordance with common practice, patients in hospital, who are considered capable, are assigned to carry out certain duties. This is considered helpful to their recovery.
22. No record exists of any conversation between Mr. Campbell and the Medical Officer when on sick parade in 1942.
23. An R.C.A.F. Medical Officer had Campbell transferred from Uplands to the Ottawa Civic Hospital for further investigation and treatment June 25, 1942.
24. A Medical Officer of the Department of Pensions and National Health arranged this examination by Dr. Cathcart.
25. As consultations indicated that Mr. Campbell would not be of further service in the R.C.A.F., arrangements were made for a medical board in October with a view to discharge.
26. Mr. Campbell signed the usual form of medical board proceedings on October 19, 1942.
27. Following his medical board 19th October, 1942, a category of "unfit for further service" was approved. His discharge from the RCAF to the Department of Pensions and National Health was automatic following this.
28. He was transferred to Christie street hospital on instructions by a medical officer of the Department of Pensions and National Health.
29. He was discharged from Colonel Belcher hospital on instructions by a medical officer of the Department of Pensions and National Health.
30. Out-of-work allowances were paid following application by Mr. Campbell in January, 1943, and continued with the exception of a period of seventeen days until his re-admission to hospital in April, 1943.
31. Under the provisions of the order in council establishing the treatment regulations, Mr. Campbell was not eligible for further treatment under the Department of Veterans Affairs pending special authority by head office. Upon receipt of such authority he was promptly admitted to Shaughnessy hospital.

Note.—On February 9, 1945, the Canadian Pension Commission ruled that Mr. Campbell is entitled to pension for protruded intervertebral disc. Since the date of the ruling, Mr. Campbell has been continuously under treatment and in receipt of treatment allowances until August 6, 1946. On the day of his discharge from treatment, August 6, 1946, the district office forwarded a report for pension purposes indicating a disability of 100 per cent. The first pension cheque has already been issued.

Mr. SPEAKER: With the unanimous consent of the house the sitting is suspended until ten minutes to four.

The house resumed at 3.50 p.m.

PROROGATION OF PARLIAMENT

A message was delivered by Bonner Larose, Esquire, Acting Assistant Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

In the Senate chamber, the Honourable the Deupty Governor General was pleased to give, in His Majesty's name, the royal assent to the following bills:

BILLS ASSENTED TO

An Act for the relief of Marie Olivette Marthe Pepin Giguere.

An Act for the relief of Evelyn Helen Deeb Kouri.

An Act for the relief of Rose Dawson Brady.

An Act for the relief of Shirley Boyd Fuller Dichow.

An Act for the relief of Beatrice Emily Young Crane.

An Act for the relief of Martin Thomas Walsh.

An Act for the relief of Anna Blumenthal Gillman.

An Act for the relief of Annie Solomon Birnbaum.

An Act for the relief of Katherina Demidovich Zouikin.

An Act for the relief of Herbert Beatson De Gruchy.

An Act for the relief of Luc Chadillon.

An Act for the relief of Mary Innocent Gorman Martin Gillean.

An Act for the relief of Maurice Olivier Singfield.

An Act for the relief of Myrtle Ethel Anderson Hamill.

An Act for the relief of Allan Reginald Duncan Woolley.

An Act for the relief of Ida Portnoff Clarke.

An Act for the relief of May Andria Thistle Shirres Richardson.

An Act for the relief of Florence Margaret Louise Jekill Wiggett.

An Act for the relief of Pauline Frances Beaton Bridgeman.

An Act for the relief of Mildred Helen Cavers Watson.

An Act for the relief of Paul Martial Chevalier.

An Act for the relief of Dorothy Catherine Benson Hunter.

An Act for the relief of Pauline Francesca Evans Gladwish.

An Act for the relief of Mary MacDonald Short Browne.

An Act for the relief of Solomon Shulman.

An Act for the relief of Robert Patrick Warren.

An Act for the relief of Elsie Alvina Hirsch Sidaway.

An Act for the relief of Sadie Joseph Saikaley Charles.

An Act for the relief of Arthur Corey Thomson.

An Act for the relief of Jean Wilbur Cassils Dawes.

An Act for the relief of Jean St. Claire Macdonald Routledge.

An Act for the relief of John Anderson Hutchins.

An Act for the relief of Ivy May Baylis Lariviere.

An Act for the relief of Muriel Gertrude McKnight Carroll.

An Act for the relief of Erminia Taccani Roncarelli.

An Act for the relief of Violet May Armour Smith.

An Act for the relief of Beatrice Caroline Lock Norman.

An Act for the relief of Blanche Belanger Mullin.

An Act for the relief of Alfred Goodman.

An Act for the relief of Charles Thomson.

An Act for the relief of Hannah Green Turton.

An Act for the relief of Ida Solomon Caplan.

An Act for the relief of Jessie Violet Louise Stargratt Burton.

An Act for the relief of Helen Louise Mitchell Meyer.

An Act for the relief of Donald Dale Carr-Harris.

An Act for the relief of Eugene Ernest Hubert George Colnaghi Williams Waterfield.

An Act for the relief of Gratia Lauzon Rousseau.

An Act for the relief of Laura Olive Byers Manley.

An Act for the relief of Vera Gertrude Horder Fournier.

An Act for the relief of Julia Patricia Byrne Cote.

An Act for the relief of Dorothy Adelaide Grace Vennor O'Toole.

An Act for the relief of Lillian Doris Howard Clark.

An Act for the relief of Helen Agnes Stuart Colt.

An Act for the relief of Alma Gosselin Carbonneau.

An Act for the relief of Florence Cleveland Smith des Baillets.

An Act for the relief of Florence Winnifred Dunlop Starkey.

An Act for the relief of Francis John Stone.

An Act for the relief of Mary McCallum McNamara.

An Act for the relief of Leah Helen Shute Main.

An Act for the relief of Cecile Simonne Robert Turgeon.

An Act for the relief of Edward Cotapschi.

An Act for the relief of Catherine Young Rivard.

An Act for the relief of Mary Jane Michelle Ahern de Brabant.

An Act for the relief of Jean Ethelwyn Marshall Ross.

An Act for the relief of Frank Ernest Smith.

An Act for the relief of Cleora Elizabeth Doyle Mastine.

An Act for the relief of Elizabeth Carr Johnstone.

An Act for the relief of Marie-Rose-Yvette Breton Philips.

An Act for the relief of Barbara Laing Robertson MacNab.

An Act for the relief of Anne Goldsmith Glick.

An Act for the relief of Jean Alexandra Oughtred Scott.

An Act for the relief of Charles Horatio Baldwin.

An Act for the relief of Mary Slobodzian.

An Act for the relief of Edward Charles McKerness.

An Act for the relief of Ivy Anderson Lobb.

An Act for the relief of Yvonne Rachel Mayer Richard.

An Act for the relief of Nellie Izbitsky Abracen.

An Act for the relief of Ellen Margaret Price Garvie.

An Act for the relief of Sophie Shoob Natovitch.

An Act for the relief of Madge Aileen Hunter Parker.

An Act for the relief of Claire Yaroslawa Lytwyn Pendiuk.
An Act for the relief of Henry Wallace Argall.
An Act for the relief of Mary Norma Wickens Baker.
An Act for the relief of Mildred Emily Rogers Thoms.
An Act for the relief of Pauline Gregoire Girard.
An Act for the relief of Marjorie Maxwell Cleghorn Pope.
An Act for the relief of Marie Charlotte Arsenault Leonard.
An Act for the relief of Joseph Alphonse Christen.
An Act for the relief of Edmund Lionel Hurd.
An Act for the relief of Gladys Elsie Lariviere Doyle.
An Act for the relief of Ernestine Anne Lothrop MacNaughton.
An Act for the relief of Irving Vengroff.
An Act for the relief of Robert Malcolm Dickenson.
An Act for the relief of Gwendolyn Edith Edson.
An Act for the relief of Bernice Mae Skidmore Weale.
An Act for the relief of George Christie Henderson.
An Act for the relief of Marie Lauretta Eliennette (Rita) Vallerand Barraclough.
An Act for the relief of William Thomas Bennett.
An Act for the relief of Edna Marjorie Pitts Wellington.
An Act for the relief of Josephine Isabelle Nicholls Broglie Geoffrion.
An Act for the relief of Rose Hannah Colbeck Grant.
An Act for the relief of Marie-Jeanne-Augusta Clement Lajeunesse.
An Act for the relief of Jeanne D'Arc Guilmette Henchey.
An Act for the relief of James Arthur Bellows.
An Act for the relief of Charles Howard Alexander.
An Act for the relief of Alfred Wade.
An Act for the relief of Inga Mary Frances Kitching.
An Act for the relief of Harold Clayton Webb Clout.
An Act for the relief of Phyllis Thorburn Rice Colby.
An Act for the relief of Fania Pustopedskaites Sobolevicius otherwise known as Fanny Pustopedsky Sobolevicius.
An Act for the relief of Frances Mary Fisk Irwin.
An Act for the relief of Lilias Clark Watt James.
An Act for the relief of Michael Gibson.
An Act for the relief of Azarie Trottier.
An Act for the relief of Elizabeth Sharp Hamelin.
An Act for the relief of Lucille Aimee Cadieux Lacombe.
An Act for the relief of Mary Wetstein Szabo.
An Act for the relief of Brandla Lylberberg Guz, otherwise known as Bertha Silverberg Cass.
An Act for the relief of Natalie Kathleen Fearon Kirouac.
An Act for the relief of Anita Spinner Starr.
An Act for the relief of Fay Podolne Litwin.

[Mr. Speaker.]

An Act for the relief of Gregoire (Hryhory) Hyss, otherwise known as Harry Hys.
An Act for the relief of James Lamb Runciman.
An Act for the relief of Joseph Wilfrid Lionel Anecie St. Denis.
An Act for the relief of Emily Kathleen Mennie Thissen.
An Act for the relief of Robert Frederick Ring.
An Act for the relief of Walter Vernon Lewis.
An Act for the relief of Leonard Ferdinan Raymond.
An Act for the relief of Mildred Cohen Share.
An Act for the relief of Muriel Elizabeth Clarke Gagnon.
An Act for the relief of Margaret Fern Hobbs Burns.
An Act for the relief of Joseph Euclide Beaudoin.
An Act for the relief of Mary Rose Ellement Boulet.
An Act for the relief of Jean Stewart Lavery Martin.
An Act for the relief of Catherine Edith Thompson Williamson.
An Act for the relief of Joseph McCaffery.
An Act for the relief of Marian Pearl Dunfield.
An Act for the relief of Dollard Charest.
An Act for the relief of Kerttu Helvi Helen Fascio.
An Act for the relief of Anne Shacket Payne.
An Act for the relief of Gaston Marcel Chapdelaine.
An Act for the relief of Ross David Chartier.
An Act for the relief of John Boosamra.
An Act for the relief of Dawz Sims.
An Act respecting the Canadian Indemnity Company.
An Act respecting the Canadian Fire Insurance Company.
An Act relating to the Development and Control of Atomic Energy.
An Act to amend the Export Credits Insurance Act.
An Act to amend the Meat and Canned Foods Act.
An Act to amend the Unemployment Insurance Act, 1940.
An Act respecting an income tax agreement between Canada and the United Kingdom, signed at London, in England, on the fifth day of June, 1946.
An Act respecting a succession duty agreement between Canada and the United Kingdom, signed at London, in England, on the fifty day of June, 1946.
An Act to amend the National Housing Act, 1944.
An Act to amend the Pension Act.
An Act to amend the Veterans' Land Act, 1942.
An Act to amend the Family Allowances Act, 1944.
An Act to amend the Veterans Rehabilitation Act. (university grant)
An Act to amend the Veterans Rehabilitation Act.
An Act respecting civilian war pensions and allowances.
An Act to amend the Federal District Commission Act, 1927.
An Act to amend the Immigration Act.
An Act to amend the Customs Tariff.

An Act to amend the War Service Grants Act, 1944.

An Act respecting allowances for war veterans and dependents.

An Act respecting veterans of forces allied with Canada.

An Act respecting benefits to certain persons who were recruited in Canada by United Kingdom authorities for special duties in war areas.

An Act respecting compensation for merchant seamen.

An Act respecting benefits to fire fighters who served in the United Kingdom.

An Act respecting benefits to certain supervisors in the auxiliary services.

An Act to provide for the reinstatement in civil employment of discharged members of His Majesty's forces and other designated classes of persons.

An Act respecting war crimes.

An Act respecting the Toronto Harbour Commissioners.

An Act to amend the Excise Act, 1934.

An Act to amend the Combines Investigation Act.

An Act respecting loans to veterans to assist in their establishment in business or professionally.

An Act respecting the Army and Navy Veterans in Canada.

An Act respecting Workers Benevolent Association of Canada.

An Act respecting judges of dominion and provincial Courts.

An Act respecting the construction of a line of railway by Canadian National Railway Company from Barraute to Kiask Falls on the Bell river, in the province of Quebec.

An Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways system during the calendar year 1946, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

An Act to amend the Dominion Succession Duty Act.

An Act to amend the National Emergency Transitional Powers Act, 1945.

An Act to amend the Income War Tax Act.

An Act respecting the control of the acquisition and disposition of foreign currency and the control of transactions involving foreign currency or non-residents.

An Act to establish the Canadian Commercial Corporation.

An Act to amend the Excess Profits Tax Act, 1940.

An Act to amend the Special War Revenue Act.

An Act to amend the Militia Pension Act.

To these bills the royal assent was pronounced by the Clerk of the Senate in the following words:

In His Majesty's name the Honourable the Deputy Governor General doth assent to these bills.

Then the Honourable the Speaker of the House of Commons addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted supplies required to enable the government to defray certain expenses of the public service.

In the name of the commons, I present to Your Honour the following bill:

An Act for granting to His Majesty certain sums of money for the public service for the financial year ending the 31st March, 1947.

To which bill I humbly request Your Honour's assent.

To this bill the Clerk of the Senate, by command of the Honourable the Deputy Governor General did thereupon say:

In His Majesty's name, the Honourable the Deputy Governor General thanks his loyal subjects, accepts their benevolence, and assents to this bill.

GOVERNOR GENERAL'S SPEECH

After which the Honourable the Deputy Governor General was pleased to close the second session of the twentieth parliament of the Dominion of Canada with the following speech:

Honourable Members of the Senate,

Members of the House of Commons:

A year has passed since hostilities ceased with the surrender of Japan. The world is but slowly emerging from the turmoil and ravages of war. The domestic problems of individual nations have become inseparably linked with the problems of all nations.

Of international problems, the world shortage of food has caused the greatest immediate concern. It is a source of gratification to the people of Canada to know that our country has provided over one-fifth of the supply of food to relieve the greatest famine in human history. The government has continued to give practical expression to the wholehearted desire of the Canadian people to relieve human suffering and to contribute to international tranquility.

My ministers are continuing their efforts to restore and expand peace-time markets for the surplus production of our country. In the period of transition, exports to our war-time allies have been financed in part by credits voted by parliament. In accordance with this policy, you have approved a financial agreement with the United Kingdom and made a further amendment to the Export Credit Insurance Act.

A bountiful crop, which will help in meeting the demand for food, now seems assured. An agreement has been made with the United Kingdom for the marketing of our wheat. The wheat agreement, with agreements for the marketing of other foodstuffs already in operation, will greatly assist the government in its policy of maintaining stable prices for agricultural products.

The demand, both at home and abroad, for Canadian manufactures has never been greater. Production at a high level is required both to meet this demand and to check inflationary pressure on prices.

The war-time battle against inflation has been continued with substantial success through the period of transition. Despite gradual measures of decontrol, and a shift to a selective price ceiling, the rise of prices has been held well

in check. To this end, a most important step was the restoration of exchange parity with the United States dollar.

The conversion of our war industries to peace-time production has been achieved more smoothly and speedily and with less dislocation than might have been expected. Opportunities for employment have been maintained at a high level and the transfer to civilian occupations of displaced war workers and demobilized veterans is being accomplished swiftly and effectively.

In recent weeks essential production has been slowed down, and the dangers of inflation increased, by stoppages of work in certain key industries. My ministers endorse the view of the standing committee on industrial relations that continued price control is only possible with a reasonable measure of wage control. The government is firmly convinced that the exercise of moderation and restraint by all parties is essential to the satisfactory adjustment of labour disputes and the maintenance of the high level of production without which there cannot be ample opportunities for employment.

The repatriation of the armed forces is now virtually completed. It is anticipated that the wives and children of veterans will almost all have been brought to Canada by the close of the present year. The demobilization of the wartime army, navy and air force is likewise practically accomplished. Foundations have been laid for the permanent peace-time defence forces.

A series of measures relating to war veterans has been enacted, with the object of making provision for the veterans, and for the dependents of the fallen, worthy of the service and sacrifice of Canada's armed forces.

In Canada, as in other countries, the housing shortage has grown more acute since the end of the war, despite the provision of a large supply of new housing. In order to increase the efficiency of governmental action, the responsibility for housing has been largely concentrated in one minister of the crown. The National Housing Act has been amended to expand facilities for the provision of housing.

The British North America Act has been amended by the United Kingdom parliament in accordance with the request contained in a joint address adopted by both houses of parliament. The amendment will have the effect of maintaining more effectively the historic principle of representation by population, in the representation of the people in the House of Commons.

You have enacted a measure to clarify and define Canadian citizenship and to make it the distinctive status of the people of this country. The Immigration Act has also been amended to bring it into conformity with the revised definition of Canadian citizenship.

Other bills enacted include measures respecting the armed forces, the development and control of atomic energy, the National Research Council, the Department of External Affairs, the operation of crown companies, the Exchequer Court, the remuneration of judges, the investigation of combines, foreign exchange control, unemployment insurance, war crimes and the Federal District Commission.

The dominion-provincial conference resumed its meetings on April 25, and adjourned on May 3. The conference not having reached unanimous agreement, proposals in respect to taxation were subsequently made which could be accepted by the provinces individually. These proposals have been accepted in principle by three provincial governments. Preliminary discussions are under way with certain other provinces. It is hoped that ultimately general agreement embracing all the provinces may be concluded.

Your approval has been given to the membership of Canada in the world health organization and in the united nations educational, scientific and cultural organization. Canada has continued to give the utmost support to the various agencies of the united nations.

Early in the session, the Prime Minister visited the United Kingdom to join in consultations on matters of common concern with the Prime Ministers or their representatives of other nations of the British commonwealth.

Canada is represented at the conference convoked to consider the treaties of peace with Italy and the axis satellites of southern and eastern Europe which opened its proceedings in Paris on July 29, by a delegation presided over, at the outset, by the Prime Minister.

Members of the House of Commons:

I thank you for the provision you have made for all essential services.

The further measures of relief from the wartime burden of taxation to be effected at the beginning of the new year will be cordially welcomed.

Honourable Members of the Senate:

Members of the House of Commons:

May Divine Providence bless your deliberations and guide the nations in the establishment of a just and durable peace.

This concluded the second session of the twentieth parliament.

END OF VOLUME V